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EWS SUMMARY

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Sea rms: saved m rigs

roups of North Sea were rescued from oil id 100-knot winds and waves.

night a platform from 8 of the crew of 70 had own by helicopter was out the storm after g from moorings in n Brothers' Argyll Field, les north-east of New-

iorway's Tor Field, 40 north-east, 20 workers own off Phillips Petro- safety/support vessel, was secured after it from two of its eight s. News analysis, Page 11

gian leader

Liberal leader Willy de accepted King in's invitation to form a ment. Back Page

in chosen

eralist John Silkin was spokesman on defence isarmament in Labour's w cabinet. Back Page

rms backed

s oppose unilateral ar disarmament and U.S. ar weapons in the UK, but r Nato and a British ar deterrent, a BBC /Mori poll showed.

ish food aid

EEC approved £5.2m in ency aid for Poland, on £30m already agreed, to te growing food short- Page 2

gal' air deal

Airways and the travel association agreed on both described as an plan to sell discount air Back Page

es for review

Thatcher acknowledged nch pressure to abolish ic rates, but gave no ment on timing. Page 12

fness award

underland engineering was awarded £7,750 s in the High Court e deafness caused by t work ruined his social

pov honoured

Union awarded world champion Anatoly Karpov der of Lenin, its highest honour. He last week d his title against Soviet Viktor Korchnoi.

ke EEC troops'

ngton is urging Israel to the offer of EEC peace- ng troops in the Sinai it withdraws in April. 5

nsulate bomb

lb bomb failed to explode rly outside the British con- in Hamburg, but broke windows. It was not n who put it there.

vices grow

ize of the armed services a five-year high despite recruitment and govern- plans to cut manning Page 10

n jailings

which plans to nationalise n trade, has jailed many s wealthiest businessmen, ently for profiteering, a ercial crime tribunal head

efly . . .

oid in Ankara has put 620 sipital.

Radcliffe, 65, retired er, was elected Premier of sle of Man.

BUSINESS

Dollar weak; gold firmer

● DOLLAR'S trade-weighted index fell to 106.0 (106.3). It fell to DM 2.2290 (DM 2.2540), FFr 5.63 (FFr 5.6725), SwFr 1.7850 (SwFr 1.8075) and Y215.25 (Y217.50). Page 27

● STERLING'S trade-weighted index fell to 90.4 (90.7). It rose 1.40 cents on the day, finishing at $1.9185, but fell to DM 4.28 (DM 4.2950), FFr 10.80 (FFr 10.8050), SwFr 3.4250 (SwFr 3.4450) and to Y414 (Y414.50). Page 27

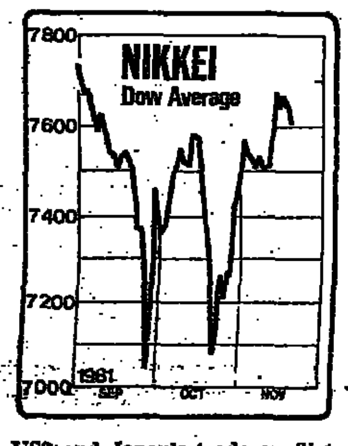
● GOLD rose $4½ to $400. Page 27

● EQUITIES' early trend lower was reversed on announcement of U.S. prime rate cuts. The FT 30-share index finished up 2.2 at 520.0. Page 30

● GILTS also finished up after a dull start. The Government Securities index closed up 0.16 at 64.12. Page 30

● WALL STREET was up 13.79 to 865.58 at 3.00 pm. Page 28

● TOKYO: The Nikkei Dow index lost 44.69 to 7,602.78 on the yen's sharp rise against the



US$ and Japan's trade conflicts with Western countries. Page 28

● LLOYD'S of LONDON ruling committee member Mr Robert Kiln resigned because he objected to the "lack of openness in the way the chairman and deputy chairmen of Lloyd's were elected."

● BRITISH RAIL is to receive a supplement of £110.4m to its Government grant for this year as its trading position had worsened far beyond what had been foreseen in the summer. Back Page

● BRITISH TELECOM said it planned to place orders with British manufacturers for £600m for computer-controlled telephone exchanges. Back Page; Details, Page 8

● TUBE INVESTMENTS and Taylor Hitec, a specialist robotics company, have formed a partnership to promote advanced manufacturing technology. Page 8

● CBI president Sir Raymond Pennock endorsed the Government's planned trade union legislation. Page 8

● TOWN AND CITY Properties is to carry out the first revaluation of its properties since 1973, it announced two days before new rules on accounting standards for property investments are published. Page 10

● UNIT TRUSTS' net new investment in October rose to £25.8m, about £9m above last year's figure, in spite of a setback in September. Page 11

● RANKS Hovis McDougall's taxable profits jumped from £32m to £45.3m for the 53 weeks to September 5. Page 20; Lex, Back Page; Bread price rise, Page 10

● BPB INDUSTRIES, the building materials and paper packaging products maker, raised pre-tax profits from £30.8m to £29.76m in the six months to September 30. Page 20; Lex, Back Page

● CENTURY OILS Group improved first-half pre-tax profits from £1.55m to £2.08m Page 21

EF PRICE CHANGES YESTERDAY

ces in pence unless otherwise indicated)

RIES		Steetley	173 + 5
sy. 12¼% 1992 £90¼	+ ¼	Thorn EMI	452 + 12
2% I.L. 2006 £91¼	+ ¼	Tunnel B	505 + 17
Inds.	304 + 22	Vinten	188 + 6
all Devs.	242 + 11	W.G.I.	98 + 8
le	148 + 15	BP	328 + 6
iam Millar	32 + 6	NEC Energy	100 + 10
mercial Union	137 + 4	Weeks Pf. (Aust.)	340 + 30
entric	42 + 5	Inch Kenth. Kajang	265 + 25
e Star	322 + 11	Kinta Kellas Tin	400 + 13
opean Ferries	68½ + 3	Pengkalen	160 + 18
s Gross	118 + 11	FALLS	
	763 + 10	Allebone	20 − 3
net & Southrns.	144 + 14	Hambros Bank	146 − 12
sfield Brewery	282 + 22	Headlam Sims	50 − 4
earn Nat. Glass	100 + 5	Metal Box	164 − 4

Brezhnev ready to negotiate nuclear cuts, says Schmidt

BY JONATHAN CARR IN BONN

WEST GERMANY'S Chancellor Helmut Schmidt said yesterday that he was convinced that the Soviet Union was prepared to negotiate major reductions in its intermediate-range nuclear weapons.

He claimed after talks with President Leonid Brezhnev that the Moscow leadership was *still unable to judge the intentions of the U.S. correctly.*

Herr Schmidt told members of his Social Democratic Party that much of his time with Mr Brezhnev was spent in trying to remove Soviet doubts about the U.S. will to negotiate under President Ronald Reagan.

Long-awaited arms negotiations between Russia and the U.S. start next Monday in Geneva led by Mr Andrei Gromyko and Mr eAlexander Haig.

The Chancellor's remarks indicate his view that both sides in Geneva will aim for serious talks to reduce weaponry. They also show continuing concern about Moscow's suspicions of Washington'

Herr Schmidt said he had been very pleased with the course of his talks with Mr Brezhnev "and especially over the *friendly climate*," though they had not been easy.

He underlined that Moscow, like Bonn, was interested in seeing the Geneva negotiations with the Americans undertaken in stages. Not all problem areas should be brought to the conference table right away.

Herr Schmidt has frequently stressed his fear that if all the complex issues of intermediate-range missile systems are *approached simultaneously* there is a grave danger that negotiations could become bogged down.

That could imply, he has said, that there will be no substantial progress by mid-1983, when under the Nato "twin-track" decision of 1979 new U.S. missiles are due to be deployed in Western European countries, including West Germany.

Herr Schmidt said the Soviet leadership expressed great concern over prospects that new U.S. missiles would be deployed in Europe.

He added that he had not been able to remove that concern and had not wished to.

He had underlined that *the* growing number of Soviet intermediate-range missiles, such as the SS-20, gave the Western Europeans in turn *major concern.*

He had left no doubt that "the political fate of this (West German) Federal Government" was tied to fulfilment of the Nato decision in both parts, negotiation and, if required, missile deployment.

In a dinner speech on Monday night, Mr Brezhnev rejected the U.S. negotiating stand for the Geneva talks but also underlined Moscow's willingness to *negotiate a cut in "hundreds"* of intermediate-range weapons.

The U.S. has said that it will not deploy its Cruise or Pershing missiles provided the Soviet Union withdraws its intermediate-range missiles from Europe.

The Soviet leader further proposed a moratorium on *modernisation* and deployment of such weapons while the Geneva talks went ahead.

He added that as "a gesture of goodwill" Moscow was ready to consider a unilateral cut in these types of weapons already deployed in European Russia if a moratorium were accepted by the West.

In his comments yesterday to his party members Herr Schmidt said the proposals indicated that the Soviet leadership recognised the need for compromise.

Pravda censors Schmidt, Page 3
Editorial Comment, Page 18

Takeover law plan for banks dropped

By Peter Riddell and William Hall

THE GOVERNMENT has decided not to go head at present with legislation to control takeovers of British clearing banks by foreign companies.

The issue has been raised because of the bid for the Royal *Bank of Scotland by the Hong* Kong and Shanghai Banking Corporation. Together with a rival offer from Standard Chartered Bank, this bid is being considered by the Monopolies and Mergers Commission, whose report should be received by ministers next month.

The latest move does not mean that legislation has been ruled out indefinitely, and the Treasury and the Bank of England remain concerned about the implications of takeovers of UK banks from abroad.

The decision not to go ahead with legislation for the time being was taken yesterday morning by senior ministers on the E (Economic) Committee of the Cabinet, chaired by the Prime Minister. This follows a recent discussion in Whitehall in which the Foreign Office *opposed legislation because of* fears of retaliation against British takeovers of overseas banks, particularly in the U.S. This argument appears to have *persuaded ministers.*

Proposals for legislation were first raised by the Bank of England because of concern over the implications of foreign takeoversof clearing banks for depositors, and on the informal structure of UK monetary control.

The Bank of England has traditionally had informal powers to control takeovers of British banks. However, the decision by the Hongkong and Shanghai Bank to proceed with its bid for the Royal Bank of Scotland and Group, in the face of the Bank's opposition, has underlined the weakness of these under-pinnings, which the Hong Kong bank claims do not apply to its bid.

The Treasury and the Bank will look at a number of alternative ways to deal with what is regarded as a highly com*plicated problem. These include* using existing powers to regulate such foreign takeovers and to bring overseas companies controlling major UK financial *institutions within the ambit of* UK monetary control.

£ in New York

—	Nov. 23	Previous
Spot	$1.9025-9040	$1.8985-9005
1 month	0.53-0.48 dis	0.45-0.38 dis
3 months	1.03-0.98 dis	0.90-0.80 dis
12 months	1.65-1.45 dis	1.40-1.20 dis

Unemployment falls but trend continues to rise

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UNDERLYING trend of unemployment continued to rise this month although the raw *total remained below 3m, according* to the latest official figures out yesterday.

The headline total of unemployed in mid-November, *including school leavers and not* seasonally adjusted, was 2.954m, 34,000 fewer than last month and *790,000 more than a year* ago.

However, after subtracting school leavers and allowing for the usual fall in unemployment in the run up to Christmas, the total was 2.76m, an increase of 36,000 since last month.

The rate of increase in the adjusted total in the latest figures shows the first sign of decelerating since July when the monthly increase fell to a low of 30,000. By October, the increase in unemployment had speeded up again to a monthly rate of 56,000. This was about half the monthly rate of increase towards the end of last year.

The Government will therefore be watching next month's figures carefully to see whether they confirm a trend towards a slower rate of increase. One view is that the rate of increase in unemployment has been merely fluctuating at around 40,000 a month since July.

Among the more optimistic pointers are an increase in vacancies, which went up 5,000 to a seasonally adjusted 102,000 last month, and recent figures

Continued on Back Page
Unemployment map, Page 10

UNEMPLOYMENT

Percentage increase in average total August to October compared with previous three months

Sweden	19.3
W. Germany	10.3
Austria	10.[illegible]
Netherlands	[illegible].4
Canada	5.[illegible]
UK	5.0
Ireland	3.6
U.S.	[illegible]
Norway	[illegible]
Belgium	2.3
Spain	1.7

Chase cuts prime to 15¾%

BY DAVID LASCELLES IN NEW YORK

U.S. INTEREST rates and inflation made further downward progress yesterday, adding some welcome cheer to a depressed economy.

Consumer prices rose 0.4 per cent in October, according to the monthly report of the Labour Department. This is the lowest *since last April. In the previous* three months, inflation had been running at an annual rate of about 10 per cent.

At the same time, Chase Manhattan the third largest U.S. bank dropped its prime rate by ¼ of a percentage point to 15¾ per cent. This is the lowest the prime rate has been for well over a year. Other banks either stuck at 16 per cent or moved down to that level from 16½ per cent yesterday, underlining how hesitantly the U.S. banking industry is bringing its lending rates down.

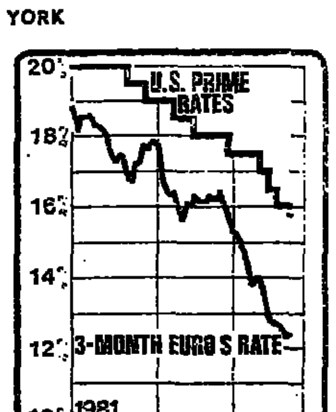
Chase said it had cut its rate because of the recent drop in short term interest rates and the weakness of business loan demand. *Banks moving to 16* per cent included Citibank, Morgan Guaranty, Chemical Bank and Irving Trust, also among the top 12 banks in the country.

The drop in the inflation rate was linked to declining interest rates, which affect the consumer price index through housing costs.

In the past fortnight, mortgage rates have begun to ease, dropping from about 17 per cent to 16 per cent. Food and clothing costs also rose at a more moderate pace. The biggest advance came in transport costs due to higher oil prices.

The prospect of further declines in posted interest rates such as mortgages, which lag behind market developments have strengthened hopes that the consumer price index will continue to bring good news in the months ahead.

Yesterday's developments lifted some of the gloom on Wall Street. The credit markets had suffered a setback on Monday as investors became anxious that



Continued on Back Page
Money Markets, Page 27

Government aims to set up Ulster Assembly next year

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE GOVERNMENT is to press ahead with plans for a political assembly in Northern Ireland, which it hopes to set up in the first half of next year. It is determined that demonstrations of Unionist resistance, such as yesterday's "day of action" *organised by the Rev* Ian Paisley, should not delay progress.

Mr James Prior, Northern Ireland Secretary, is believed *to favour the option of* an assembly of 50 or fewer members. These would include Northern Ireland MPs from Westminster and from the European Parliament, with union leaders and industrialists invited to discuss and advise the Government on economic matters.

One of their first tasks may be to discuss a package of economic measures for Northern Ireland which Mr Prior hopes to announce before Christmas and which he is negotiating with cabinet colleagues. The package is understood to include no major economic initiatives or expansion in *public spending.*

The Government hopes this "economic forum," as it is being called, would form the basis of an elective body with *legislative powers, from which* members may be drawn for a parliamentary tier in the new Anglo-Irish Council whose creation was agreed by Mrs Margaret Thatcher and Dr Garret FitzGerald, the Irish Prime Minister, in recent London talks.

The Government, however, is moving cautiously, since any suggestion that it should participate in the Anglo-Irish body is likely to dissuade Unionist leaders. The Government has not yet begun formal discussions with the various Unionist parties but its informal contacts indicate that several leading Unionist MPs would be prepared to participate in an economic advisory body.

The Government's determination to press on while bracing itself for an increase in *Unionist protest, will* be welcomed in Dublin. The Irish Government believes a parliamentary tier is needed to boost the credibility of the Anglo-*Irish Council even if Unionist* members of a new Ulster Assembly initially refuse to participate.

Mr Prior, responding to the *day of action, yesterday sought* to reassure Unionists that the British Government "has no plans to push Northern Ireland into a united Ireland and has never had any such plans." But his sternly worded statement said that the Government would not tolerate private armies which sought to take over the work of the police and the army.

Referring indirectly to Mr

Continued on Back Page
Molyneaux leadership doubts, Page 12

Banks shoulder Marathon risk

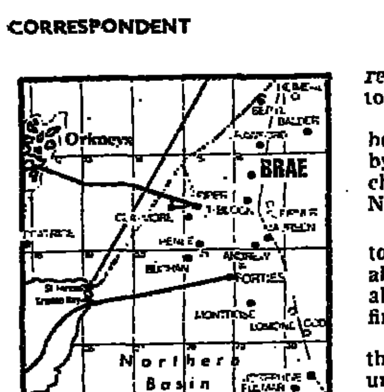
BY WILLIAM HALL, BANKING CORRESPONDENT

MARATHON OIL UK has raised a $650m (£342m) seven-year loan for a North Sea oilfield under which the banks will accept a considerably larger degree of risk in the project than hitherto in North Sea project financing.

The banks have agreed to lend Marathon about four-fifths *of* the finance necessary for its share of the $2bn development at South Brae field, 155 miles North-east of Aberdeen.

Traditionally, banks require borrowers to guarantee that North Sea projects are capable of producing oil before lending money.

However, in this case half the loan is being advanced on a "non-recourse" basis before completion in 1983, which means that the lenders have no recourse to the company if for some reason the project fails. In addition, the borrower has the option to switch the entire loan on to a "non-recourse" basis once oil begins to flow.



Finance for the deal has been provided by 20 banks led by Chase Manhattan's merchant banking group and National Westminster Bank.

The loan has been arranged to give the borrower considerable flexibility and is modelled along the lines of a similar U.S. financing technique.

Marathon has not disclosed the terms of the deal, but it is understood to be paying between ½ per cent and ¾ per cent more than it might pay as a corporate borrower on the U.S. domestic market. The extra premium is to recompense the banks for the extra risks.

Oil fields buffeted, Page 11
Banks shoulder more of North Sea risks, Page 24

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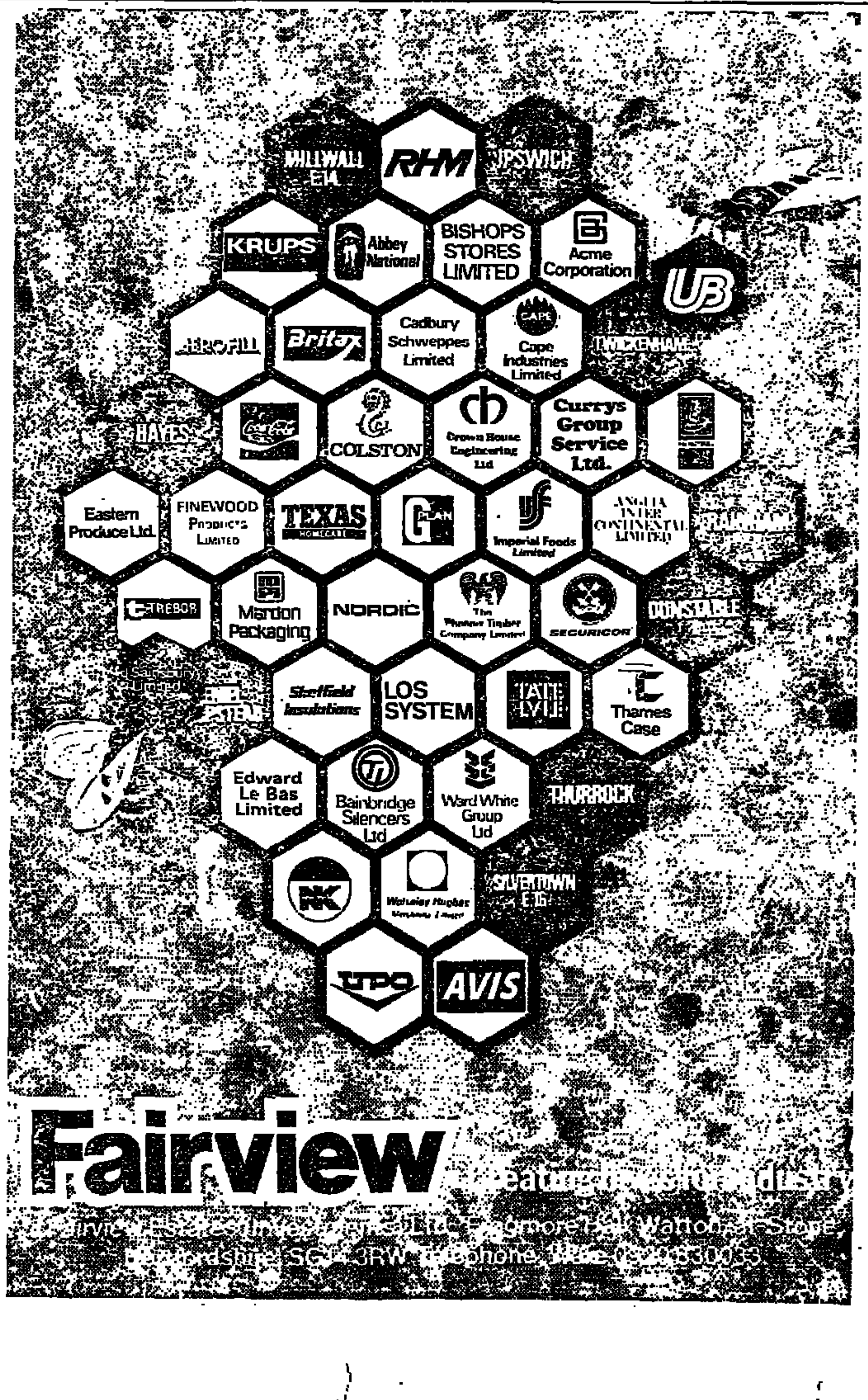

East Germany admits farm policy failure

BY LESLIE COLITT IN BERLIN

EAST GERMANY'S leaders have admitted that their agricultural policy has failed to improve yields and is extremely wasteful.

The grain harvest this year fell below the 9m-tonne target and the country has come no closer to the goal of eliminating by 1985 animal feed imports, largely from the U.S. It will be spending at least \$400m (£210m) on grain imports from now until next autumn.

Herr Erich Honecker, East Germany's President and Communist Party leader, acknowledged at a recent central committee meeting that the "grain problem is quite comparable in its importance now with the oil problem."

East German agriculture has been regarded as relatively successful because the highly industrialised country has been able to feed its population adequately. But speeches made by Herr Honecker and his aides suggest that it has come no closer to achieving Western yields and has grown more wasteful in recent years.

At the heart of the problem lies the Communist Party's policy of extreme specialisation. Separate collective farms were created for crop production and for cattle-raising and were made to co-operate. In the process, enormous sums were invested but fodder production has failed to improve and yields of most crops remain well below those in West Germany and other Western European countries. Energy consumption has also soared because of the longer distances between fodder producers and the cattle farm consumers.

Herr Honecker noted at one point that, although pastures make up one-fifth of East Germany's farm land, "many farmers say we used to be further ahead in cattle-grazing and hay production."

Herr Johannes Chemnitzer, the party head in Neubrandenburg, a leading East German farm area, described a situation in which collective farm officials are uncertain about the party's intentions. After the Communist Party congress last April, he said, some collective farms "thought they could deduce a sweeping correction of our agriculture. Others acted as if nothing was going to change."

The reason for the confusion is that the East German leadership has refused to admit openly the failure of its previous policy of ultra-specialisation and gigantic dairy and cattle farms. The massive Soviet-style livestock farms, with 4,000 and more cattle, were abandoned suddenly last year after it was discovered that they had led to low productivity on the part of disinterested collective farmers.

Grain harvest in Romania falls well short of target

BY OUR BERLIN CORRESPONDENT

THE ROMANIAN grain harvest this year totalled just over 20m tonnes, well short of its target of 23.7m tonnes, according to a leading official in Bucharest.

Mr Emil Bobu, a Communist Party secretary responsible for farming, was quoted by the Romanian news agency Agerpress as telling a national meeting on agriculture that bad weather and supply problems were less to be blamed for the shortfall than the poorly developed responsibility of farm officials at all levels.

Only last September, the country's Agriculture Minister was sacked by President Nicolae Ceausescu, who accused him and other agriculture officials of mismanagement. Since then bread, sugar and cooking oil have been rationed. The allowance is 400 grammes of flour-based products per person daily, a kilo of sugar and a litre of cooking oil a month.

Mr Bobu said that sugarbeet and sunflower seed harvests had also fallen below the goals. There had been great losses while harvesting and farm machinery and transport were seriously under-used.

Solidarity talks stall over poll candidates

By Christopher Bobinski in Warsaw

TALKS BETWEEN the Polish Government and the Solidarity union movement have stalled because of the union's refusal to co-operate in selecting candidates for local and general elections.

The Government has suggested setting up a "Front of National Accord" in which the Communist Party, the Roman Catholic Church, Solidarity and other organisations would nominate candidates jointly. The front would replace the discredited Communist - controlled National Unity Front.

The union fears that by joining it would gain only a semblance of influence and lose credibility among its members.

So far, the authorities have indicated that progress in the present round of talks on Solidarity's wide - ranging demands can be made only if the union agrees to join in discussions on the role of the reformed front.

Yesterday, however, the Government reported a speech made at the weekend by Mr Lech Walesa, Solidarity's leader, in which he suggested that participation in the front might be acceptable if three of the participants—the Communist Party, Solidarity and representatives of the Church—were given the right to veto front decisions.

Publication of his speech was seen by Solidarity's advisers as an attempt by General Wojciech Jaruzelski, the Prime Minister and party leader, to see how his own hard-liners react to the idea.

According to some observers, Solidarity would reconsider its stance on the front if the Government made concessions on union access to the media and the idea of an independent national council to monitor government economic policies.

● Mr Andrzej Gwiazda, one of the founders of Solidarity and a leading radical critic of Mr Walesa's policies, resigned from the Gdansk region leadership at the weekend. Mr Gwiazda, who was joined by some 15 supporters, retains his place in the national leadership, however.

Consumer electronics jobs fall world-wide

BY JOHN LLOYD, LABOUR CORRESPONDENT

EMPLOYMENT in the world consumer electronics industry has declined rapidly, in spite of steadily increasing sales of audio and video equipment, according to the International Metalworkers Federation.

The sharpest fall has been in the most successful country, Japan, whose electronics companies have become a byword for audio and video goods, saw its consumer electronics workforce decline by 106,602, or 31.2 per cent, between 1976 and 1979.

The UK recorded the second largest decline, of 28 per cent between 1976 and 1981. French employment in the sector dropped by 18 per cent between 1976 and 1980, while West German employment fell by 17 per cent in the same period.

The federation also claims, in its report "Social and Economic Conditions of the World Audio-Video Electronics Industry," that there has been either a very low or no real wage increase for workers in the industry over the past five years.

Concern about the future of employment in the sector, and about import penetration in Europe, underlies a conference called on the industry by the federation in Amsterdam this week. Delegates from unions in 13 countries—including Japan, the U.S. and most European countries—will take part.

The conference will hear calls from a number of the federation's affiliates for a liberalisation of the Japanese market, together with selective protectionist measures to allow some countries the chance to restructure their industries. The Italian metalworkers have put forward a plan that 50 per cent of components in imported products should be sourced in Europe.

"The assumption that the explosive growth in audio and video products would continue forever can no longer be sustained. Governm employers are changin labour-intensive indust: that is technology-inten high value-added," Mr Rebhan, the federation': secretary, said yesterd:

"We shall see in the reversal of the usual tr we shall move towards (ing new plants closer markets they serve, wit concomitant effects th have on the economies in developing countries."

Delors aims for currency accords

By David Housego in Paris

THE FRENCH Minister of Finance, M Jacques Delors, has reiterated his proposals for strengthening the European Monetary System (EMS) and reducing exchange rate fluctuations between European currencies and the dollar.

At a conference here, he expressed his belief in the possibility of closer monetary co-operation between Europe and the U.S. and said that his European colleagues also welcomed it to diminish erratic exchange rate movements.

M Delors's remarks come shortly before the European summit in London tomorrow where the French are expected to press for greater use of the European currency unit (Ecu) among Community members.

It's proposals yesterday envisage action by both Europe and the U.S. M Delors suggested that the Ecu should be increasingly used as a vehicle for borrowing by European states and as a denominator of foreign exchange reserves.

He argued also for greater co-ordination between EMS members over interest rates, taking as an example existing Franco-West German understanding to try and achieve small downward movements in rates.

M Delors said exchange rate co-operation with the U.S. could take the form of defining across the Atlantic an agreed "zone" in which the dollar would be maintained. M Delors claimed that an announcement by the U.S. that it would agree to maintain the dollar in relation to other currencies within that "zone" would have a very positive effect in ironing out exchange rate fluctuations.

European unions want jobless discussed at Community summit

BY CHRISTIAN TYLER, LABOUR EDITOR

EUROPEAN TRADE union leaders will today urge Mrs Thatcher, the British Prime Minister, who is hosting the European Community summit in London this week, to ensure that the economic problems of Western Europe — especially rising unemployment — are given space on the agenda.

The European Trade Union Confederation is worried that foreign policy issues will leave little time for what they see as the first concern of European workers: government action to tackle unemployment, which has risen in the EEC from 7m a year ago to 9.5m today.

A delegation to Downing Street will warn that the EEC's credibility is at an all-time low and that workers in the member countries are looking for signs of a positive strategy to fight unemployment.

It will press for a radical restructuring of the Community budget, of which 70 per cent is still devoted to agricultural support alone, and for a co-ordinated drive on public capital projects, such as a Channel link and road and rail investment.

British union leaders believe that they have an ally in President Francois Mitterrand of France whose reflationary policies require reciprocal action from other EEC member countries if France is not to suffer balance of payments problems.

The ETUC will also be pressing urgently for an increase in food aid to Poland, following an appeal from the independent trade union Solidarity. The British TUC wrote separately to Mrs Thatcher on Monday warning that political instability and civil unrest could result from food shortages in Poland this winter.

The delegation will be led by Mr Wim Kok, the Dutch president of the ETUC, Mr Murray, British TUC general secretary, and Herr Mathias Hinterscheid, ETUC general secretary.

Thatcher lesson, Page 18

EEC to boost Polish food aid

BY LARRY KLINGER IN BRUSSELS

THE European Community last night approved a 17 per cent increase in the EEC's £30m food aid for Poland.

Budget Ministers, meeting in Brussels to give a second reading to the Community's draft budget for 1982, accepted the European Parliament's recommendation for a £5.2m increase in Polish aid. This will facilitate the transport of food which the EEC is providing at 15 per cent below world prices.

The increased aid, which will now be included in the Community's adjusted budget for this year, represents a climb-down by the ministers, who earlier had struck out the European Commission's original proposals for extra Polish aid.

Several other parliamentary amendments for increased spending on EEC regional projects, such as training aid for redundant steel workers and housing projects for Northern Ireland, also met with broad acceptance by the ministers. But as the meeting moved late into the night, the extent by which the ministers would be prepared to increase overall EEC spending to finance such projects became a major question.

On the common agricultural policy, however, Parliament's views were faring less well. The ministers reinstated £78m of the £192m in the draft budget that Parliament wants to cut in extra subsidies resulting from the recent realignment of the European monetary system.

While there were no clear alliances emerging, as in past years, among "budget-cutters" and free-spenders," West Germany and France made clear that theye were not prepared to boost overall spending next year, beyond the theoretical 14.5 per cent increase suggested by the Commission and the extra 7.5 per cent in areas where Parliament has discretion.

Britain's policy was divided between supporting increases which would benefit its regional policies and its desire to keep overall spending under control.

Should the ministers fail to agree on compatible levels for extra regional and social funding, in relation to an overall spending limit, many projects will have to be scaled down

Steel cris hits Dutc shipyards

By Charles Batchelor in Amsterdam

Dutch shipyards are enc ing increasing probl meeting their steel r ments at a time when makers throughout th have large unused ca

The National Associat Shipbuilders said it together with other pean shipbuilding or tions, to appeal to th Commission. The bott are believed to be the of the quotas imposed EEC on steel produc support prices.

In a number of cases, shipyards were unal obtain a price quotati a delivery date fro steelmakers, the ass claimed. This jeopardi ability of the Dutch which are slowly rec from the world shiph recession, to sign ord warned.

Estel-Hoesch-Hoogovens, Dutch-West German makers, which supplies of the industry, s: planned to hold disc with the shipbuilders' ation to see where the lems lay.

One major shipbuilder, V Giessen de Noord, s obtained its steel th long-term contracts an it had so far experienc problems.

The problem is believed most acute among smaller Dutch ship

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JROPEAN NEWS

European currencies want UK help, writes Jonathan Carr

ritish spectre haunts EMS meeting

THE ghost of Banquo, ı's spirit hovered uncom- ly over a conference on ıture of the European ary System (EMS), held reekend at the Deutsche sbank in Frankfurt.

privately organised ing brought together 40 people from—among — the West German, ı, Dutch and Belgian e ministries, the Banca a, the Bundesbank, the ean Commission, private universities and econo- ıstitutes.

no one came from Britain ding this correspondent). turned out to be doubly unate since it emerged or better or worse, Britain to hold the key to the of the EMS.

s point was underlined away by one participant. ıas been on the inside of egotiations right back to European Summit Confer- in Copenhagen in April when the Franco-German initiative was launched.

stressed that the move failed from the start se the pound, as the third European currency with the k and the French franc, ot included in the system's nge rate mechanism. He onvinced that without the ipation of sterling, the ects for further develop- of the system were very ed.

other speaker, long based russels and author of a on the EMS, said that in's continuing failure to ne a full member of the m was setting a dangerous edent. He noted that with ıer Britain nor Greece cipating in the discipline he exchange rate mecha- ı, the prospective new EEC ıbers, Spain and Portugal, nt well follow their example.

The upshot would be an EEC with an inner core of eight full EMS participants (though st'll perhaps with somewhat different fluctuation margins for their currencies) and four countries on the fringe.

He feared this would bring an intensification of the kind of strains which used to exist between those EEC members which were part of the old "snake" currency arrangement —under which European currencies were held within certain parities in the same way as in the EMS—and those EEC members which were not.

Further, these strains could well coincide—in 1984 or 1985 —with the moment when the EMS was trying to move on to its second stage, the establishment in legally binding form of a full European Monetary Fund (EMF).

This difficulty was underlined by a lengthy exchange between two Belgian and West German legal experts on the problems involved in transition to an "EMS stage two." Both agreed that if an EMF were to be established with powers going much beyond those of the present European Monetary Co-operation Fund (which is largely a book-keeping forum), then the Treaty of Rome would need amending.

But that meant that all EEC members would have to agree to the new step and have it ratified by their parliaments. If Britain, above all, was not ready to become a full member of the system now, then its parliamentary ratification of a major step forward in future was, to say the least, highly uncertain.

But how then could those EEC members which did want to press ahead obtain the Rome treaty amendment they required?

Clearly these considerations become weighty only if the EMS survives more or less in its present form for several years longer. Several speakers had their doubts about this. One member of the Bundesbank (speaking, like all other participants, in a personal capacity) agreed that some of the original fears about the technical problems involved in running the system had proved unjustified.

For better or worse, Britain seems to hold the key to the future of the European Monetary System (EMS). The technical arguments for and against the EMS remain roughly in balance, but only full British membership can give it political impulse.

An Italian official saw the original "hard core" of the system—the D-Mark and the French franc—disintegrating because of high inflation in France. He questioned whether the very narrow fluctuation spread of these two major currencies (plus or minus 2.25 per cent) could be sustained much longer and proposed that instead a fluctuation band of plus or minus 4.5 per cent be tried for all EMS currencies.

That would imply a slight loosening of exchange rate discipline for the West Germans and French, but a tightening for Italy which at present has a fluctuation band of plus or minus 6 per cent.

However, French officials at the meeting insisted that the size of the fiscal stimulus now being applied in Paris was being over-emphasised by the French Government's critics. The danger of inflation was not as strong as the pessimists suggested and France planned to stick to the tough inner core of the EMS as it stood, they said.

While no-one at the gathering directly challenged this French analysis, one West German participant did question whether the EMS was really worth its cost in terms of currency intervention and imposition of (albeit partial) capital controls.

He noted that intervention support for the French currency had totalled more than FFr 40bn this year (up to the realignment in October) and tha tsupport for the Belgian currency from the start of the EMS to this Autumn totalled about BFr 340bn (£4.2bn). These, he said, were huge sums "just to keep exchange rates within an arbitrarily chosen margin of fluctuation."

Supporters of the EMS were not swayed by this argument. Above all, they stressed the stability there had been between the EMS currencies at a time of sharp swings by the dollar and the yen, and felt this "calculability" had been of major benefit to business and industry in the system's member countries.

They also seemed baffled why Britain apparently did not feel it would have benefited from similar currency stability in the last couple of years.

The cost of intervention on the pound's behalf would clearly have been high, but not necessarily as high as the pessimists claimed. The psychological impact of British membership of the exchange rate mechanism would, it is held, in itself have discouraged speculation and aided stability from the start.

Denmark puts back N-power decision

By Hilary Barnes in Copenhagen

THE Danish Government believes that the country will require nuclear power in the long term but need take no decision on the matter until early in the next decade.

Presenting a revised energy supply plan to Parliament, ministers in the social democratic Government said future supply prospects as well as economic considerations suggest that nuclear power will be required. However, they did not think that such power stations would begin generating electricity until the turn of the century.

The Government has already made the introduction of nuclear energy conditional on the solution of safety and waste disposal problems and has promised that the issue will be decided by referendum. Studies are in progress and will not be completed for at least a year.

The opposition Liberal and Conservative parties, who may well form the next Government after the general election on December 8, want an earlier introduction of nuclear energy. They see it as a partial alternative to the present government plan to heat about 400,000 households with natural gas from Denmark's sector of the North Sea.

● Police maintained flood alerts along the storm-lashed west coast of Jutland yesterday and evacuated several hundred people from threatened areas. The water level rose five metres above the normal level in south Jutland coast and breaches were feared in the dyke system.

Italy's Christian Democrats cast wide in search for new direction

BY RUPERT CORNWELL IN ROME

t Party begins an extra- inary national assembly to- to try to find an answer to biggest ever challenge: How nd new life and a new sense rection at possibly the most ult hour in its post-war ry.

e very idea of a gathering ing together not just party ıates and workers, but also ists and opinion leaders the various walks of ın life upon which the party tionally has drawn, is un- edented. For that reason are prepared to guess as e outcome: whether indeed five days of the assembly provide Italy's largest party new impetus; whether they nerate into an angry bles, or whether they ly confirm the status quo.

yond dispute are the prob- facing the Christian Demo- Their electoral appeal is ng, a dangerous challenge eveloping from the smaller e-parties, and the Roman olic bedrock on which it is looks alarmingly fragile.

e abortion referendum last revealed the extent the rch and Roman Catholic fun- entalism have lost touch the country's mood, while reign Pope in the Vatican, has greater concerns than an domestic politics, has ed to the party's sense of rientation.

bove all, perhaps, the lack redibility of the communist rnative means now that the rious trump card of the istian Democrats — their ity to portray themselves as only safeguard against a xist Italy—carries less ght than before.

Sig Spadolini: strong impact on public opinion

The local elections last summer brought another setback, above all in the big cities, followed by the first non-christian democrat Prime Minister in 35 years, in the person of Sig Giovanni Psadolini, the Republican Party's leader.

Sig Spadolini's favourable impact on public opinion (a 42 per cent approval rating in the latest opinion poll) has merely served to spotlight the Christian Democrats' lack of leaders, the party's identification in the public eye with scandals past and present, and an increasingly tangible desire for political novelty.

Not least worrying of the poll findings was that only 11 per cent of the electorate thought the next Government should be led by a Christian Democrat, while 39 per cent wanted a "lay" Prime Minister, be he Sig Spadolini or Sig Bettino Craxi, the ambitious leader of the increasingly menacing Socialists.

All these factors have combined to create great pressure for change in the party's ossified power structure and, in particular, for an end to the discredited system of factions. The complaints are loudest in two quarters: the so-called "forty-year-olds," the younger generation frustrated by the seeming permanence of the "old guard" which has run the party for two decades, and from out-siders sympathetic to, but not part of, the party.

This last category will be represented at the assembly by a special category of delegates, including Roman Catholic figures, industrialists, trade unionists, and writers. They will make up 200 of the 618 delegates.

Of the remainder, 400 will be drawn equally from party members and elected representatives, while 18 places go of right to the special organising committee under Sig Arnaldo Forlani, ex-Prime Minister and currently party president.

Suspicions are strong that, despite protestations to the contrary, the ageing power-brokers have again fixed matters in advance. But in the special circumstances of the assembly, the best-laid plans may fail.

President Leonid Brezhnev, on a visit to West Germany, met leaders of the country's political parties yesterday in Bonn. He is pictured above (left) with Herr Franz-Josef Strauss, the Bavarian Premier and head of the Christian Social Union.—Editorial comment, Page 18.

Pravda censors Schmidt

By David Satter in Moscow

THE SOVIET party newspaper, Pravda, yesterday censored critical remarks by Herr Helmut Schmidt, the West German Chancellor, about the Soviet build-up of medium-range missiles in a published text of his speech in Bonn.

Pravda omitted all details of a passage in which Herr Schmidt said the Soviet Union had failed to heed warnings by the West that the stationing of new SS-20 missiles would upset the balance of power in Europe. It reported only that he had "presented the Nato position on the question of medium-range missiles in Europe."

The Soviet newspapers have given saturation coverage to the protest movement against the stationing of U.S. Cruise and Persbring missiles in western Europe but have never indicated the West's justification for the move.

Pravda also omitted or shortened Herr Schmidt's remarks in a speech at a banquet for President Leonid Brezhnev on a number of other topics including his call for an "independent and non-aligned Afghanistan free of foreign troops

AMERICAN NEWS

Mexico warns U.S. against rash Nicaragua action

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO has warned the U.S. that any "precipitate action" against Nicaragua would be counter productive and would probably push the central American republic into the arms of Cuba.

The blunt warning was given by Sr Jorge Castaneda, Mexico's Foreign Minister to Mr Alexander Haig, U.S. Secretary of State during Mr Haig's 24-hour visit to Mexico which ended yesterday.

Mr Haig, Mexican officials said, told Sr Castaneda, that Washington was considering taking "severe measures" against the left-wing Government in Nicaragua if the situation there deteriorated. Mr Haig did not specify what the measures might be, except to rule out military intervention, although this option has been discussed in Washington.

The Reagan Administration accuses Nicaragua of funnelling arms to rebels who are battling against the U.S.-backed junta in El Salvador. Washington claims to have evidence that Soviet Mig fighters may have arrived in Cuba destined for Nicaragua. The Administration is also concerned about what it calls Nicaragua's drift into totalitarianism.

Sr Castaneda said that Nicaragua, which has close relations with Mexico, must not be "cornered." Political means could be sought to persuade Nicaragua to take a moderate course.

Mexico was also given to understand that the U.S. has not changed its opposition to the negotiated political settlement to end the civil war in El Salvador where over 30.000 people have been killed in two years.

Mexico and France have recognised the Salvador rebels as a "representative political force" and last week, along with six other countries, including Sweden and the Netherlands presented a resolution to the United Nations calling for a negotiated settlement.

Caracas depends on oil income for two-thirds of its spending. This sector is crucial, writes **Kim Fuad**

Venezuelan oil industry runs the gauntlet again

VENEZUELA'S STATE oil industry has successfully run a gauntlet of challenges since it was nationalised in 1976, but today it faces a formidable array of new problems, posing a critical test for its future.

Venezuela, which is a founder member of the Organisation of Petroleum Exporting Countries (Opec), in which it normally plays a moderate role, depends on oil income for two thirds of government spending of about $20bn (£10.5bn) a year. The future of its oil industry is therefore crucial.

Following six years of unprecedented financial prosperity and peaceful co-existence with Venezuela's political establishment, the industry must now cope with a constellation of new problems — economic, operational and political—which has many oilmen deeply concerned.

Economically, the world oil market has turned bearish after a decade of spectacular growth in prices which pushed exports from an average of $2.35 per barrel in 1971 to $29.72 in 1981. Now Venezuelan oil prices are expected to grow only marginally in 1982 to average $30.41 per barrel.

Moreover, the oil industry is facing sprialling costs, officially expected to rise by almost 18 per cent a year for the next four years. Many industry sources, however, believe this estimate is conservative, noting that the industry has not yet been able to instrument a uniform cost control system for its complex operations.

ACTIVITIES OF STATE OIL INDUSTRY

Reserves (million barrels)	18,228	18,039	18,228	18,524	19,666
Refining (thousand b/d)	987	967	983	987	922
Derived products (thousand b/d)	786	667	719	697	581
Total exports (thousand b/d)	2,156	1,987	1,963	2,099	1,864
Total sales (million Bolivars)	38,991	41,329	39,222	60,593	80,780

(£1=Bolivar 8.17)

At the same time, the Christian Democrat Government of President Luis Herrera Campins is exerting extremely heavy pressure on the oil industry to increase the Treasury's fiscal share of oil revenues, posing a threat to the industry's investment funds. According to recent estimates, the industry's overall sales next year will come to more than $20bn (£10.5bn), but the Treasury will get more than $14bn (£7.35bn) leaving the industry with after-tax earnings of $3.3bn.

The industry's enormous expansion of activities, following a decade of decline under foreign firms which wound down operations in view of the expected state takeover, has generated a serious shortage of experienced staff. There is unanimous recognition that lack of seasoned personnel in the middle ranks of the industry's nearly 40,000-strong workforce is eroding traditional levels of performance.

Additionally, the Government's insistence that the oil industry should make greater use of domestic services and capital goods, which cost more, have inferior quality and take longer for delivery than imports, is hampering flexibility and adding to operational complexity.

Politically, there is a growing perception within the industry's executive ranks that the "hands off" policy accepted by the Venezuelan political establishment is no longer being honoured. If this apprehension is well founded it may prove devastating to the morale of top-rank oil executives, whose training in multinational firms such as Exxon and Shell has made them allergic to political tampering.

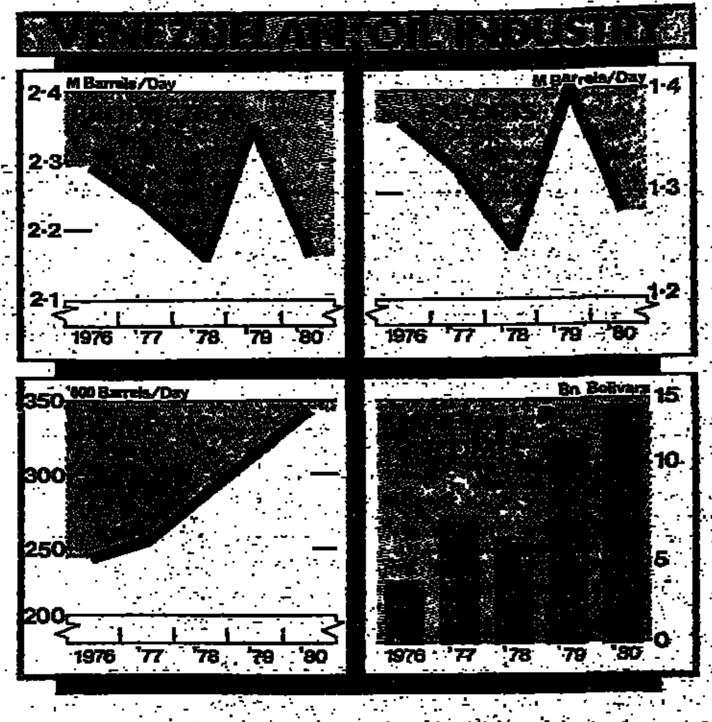
At the same time, the Government is increasingly forcing the oil industry to divert qualified manpower and limited funds into non-oil activities, primarily socially orientated programmes handled normally by a variety of government agencies.

Many oilmen are worried that the industry's reputation for efficiency has put it into a situation in which its contributions to non-oil programmes may be neverending. The oil industry's mandate at nationalisation, says one executive, was "to produce oil and turn it into income needed for the country's economic and social development. Now that mandate is being broadened to include almost everything that has to be done in the country. That's too much."

To date, the oil industry has been slow to grasp the consequences of being viewed as a freak in the Venezuelan governmental system, where efficiency is rare and personal and political relationships carry more weight than individual professional merit.

Many observers feel that oilmen must establish liaisons with the political establishment if they are to maintain their efficiency in a basically inefficient framework. But perhaps the oil industry's greatest problem has been its inability to cope with political challenges posed by the Government itself, Congress and other sectors, with its incapacity to defend itself effectively in the often ruthless Venezuelan political arena.

If state oil industry leaders continue to believe they can remain aloof from Venezuela's political currents, observers warn that they may awake one day to find that their industry has been transformed into just one more inefficient and politicised Venezuelan government agency.



Galtieri may lead Argentina

By Hugh O'Shaughnessy

General Viola: resigned through ill health

GENERAL Leopoldo Galtieri, the Argentine army commander, is widely tipped in Buenos Aires to take over the presidency next month from Gen Horacio Liendo.

Gen Liendo, a former Labour and Interior Minister, took over from the ailing Gen Roberto Viola on Saturday as interim president. He said his tenure would be "strictly provisional."

The departure of Gen Viola from the presidency has called in question the the position of Dr Lorenzo Sigaut whom Gen Viola personally appointed as Economic Minister when he took office in March. Dr Sigaut has cancelled a visit to Europe which he was to have made next month. Among those talked of to succeed Dr Sigaut is Dr Robero Alemann, an orthodox economist

Dr Sigaut has been criticised by military and government figures for what they term his lack of decisiveness and credibility in the various currency crises that have rocked the peso

If he does become President, Gen Galtieri is expected to be more masterful and less conliatory in his approach to economic matters and to civilian politicians

Canada extends monitoring to all major companies

OTTAWA — The performance of large concerns in Canada, including foreign companies, will be reviewed periodically to ensure that the private sector is promoting the country's economic development, Mr Herb Gray, the industry minister, said in an interview.

"What we've done is to modify the original plan of using the Foreign Investment Review Agency to monitor performance of foreign companies alone," he said. The entire private sector should demonstrate good corporate citizenship.

Mr Gray said talks between the Government and the private sector would aim to ensure that both sides promoted economic development. Detailed guidelines would be announced in the next few months. The reviews would monitor research and development levels, and export and productivity

Mr Gray added that previously announced guidelines for direct foreign investment would not be weakened. These permit foreign investment to be disallowed unless it promises "significant benefit to Canada" from research and development, exports, the use of Canadian suppliers, the number of Canadians employed, and the number of Canadian directors

Mr Gray's plans for the review agency to monitor the performance of existing foreign concerns alone is believed to have been rejected by the Cabinet on the grounds that it would worsen relations with the U.S. Washington has been upset by Canadian legislation favouring domestic oil companies and by the prospect that the review agency's procedures might be extended to cover foreign investment already established in Canada. Reuter

Hug for Chretien over Bill of Rights changes

BY VICTOR MACKIE IN OTTAWA

GUARANTEES of women's rights and those of the Indians and Eskimos will be restored to the Bill of Rights forming part of the proposed Canadian constitutional reforms.

M Jean Chretien, Minister of Justice, announced an agreement to that effect amid cheers from all parties in the Canadian House of Commons on Monday night. It was reached with the nine provinces which accepted the constitutional plan on November 5. That agreement would have weakened the assurance of sexual equality and deleted from the Bill a reference to native and aboriginal rights.

Under the new text the native peoples will be guaranteed their "existing" rights —a phrase which does not fully satisfy the representatives of the Indians and Eskimos. They feel that it only assures them the right to hunt, fish, and trap animals, but not the ownership of resources, in particular oil and gas, under their lands.

Mrs Judy Erola, Minister for the Status of Women, greeted the news that women were once again assured of fully equal rights by hugging Mr Chretien. "I'm ecstatic," she exclaimed.

Mr Jake Epp, a Conservative spokesman, said that his party was delighted with the agreement.

Mr Ian Deans, the New Democratic Party's House Leader, reserved final judgment until he had seen the exact wording of the clauses to be inserted.

Ford to close ailing factory in Alabama

BY IAN HARGREAVES IN NEW YORK

FORD MOTOR, after a two-week war of nerves with 940 shopfloor workers, has decided to close its Sheffield, Alabama, aluminium castings plant.

Ford had offered to keep the plant open if workers accepted a 50 per cent cut in wage and benefit levels or if the employees were prepared to take over ownership of the plant.

The company made clear, however, that the take-over option would have worked only if the workers accepted lower wages to make the plant's products competitive with those available from subcontractors.

Following the breakdown of talks over the employee ownership plan, Ford said it would start to implement the closure of the plant, which could take up to two years because of the need to find alternative suppliers for the components produced.

Ford's failure to reach settlement in Sheffield contrasts with several other instances, where the motor companies have won either concessions or arranged a transfer to employee ownership.

The campaign by the motor companies to pick off unprofitable plants—the Sheffield unit is losing $3m a month—is seen as part of the industry's strategy in the run-up to next year's renegotiation of wage contracts with the United Autoworkers

The union has refused to reopen its existing contracts with Ford and General Motors, as it did with Chrysler, and the companies have responded by saying that unless the union is prepared to make serious concessions next year, they will be forced to shut plants.

Worries grow in U.S. over nuclear arms

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Ronald Reagan had West Europeans chiefly in mind when he delivered his arms control message last week. But its conciliatory tone, with Mr Reagan eschewing his habitual threat to beat the Soviet Union in an arms race if need be, stemmed in part from the Administration's awareness that it now faces an anti-nuclear movement within its own electorate.

The anti-nuclear arms movement in the U.S. is much lower key, with more limited aims and tactics than its European counterpart. Nuclear opponents have not taken to the streets as they have in Europe. Even the more Left-wing groups in the U.S. do not shout for unilateral disarmament, but rather urge freezes on existing nuclear arsenals, negotiated arms reductions, with a return to detente and dialogue with the Soviet Union.

Yet, after a decade or two of dormancy, nuclear arms control is springing up again as a grass roots political issue in the U.S. Opinion polls show more Americans are being afflicted with nuclear nerves.

Nearly half those surveyed in a Gallup poll last month said they feared the U.S. might soon get embroiled in a major war with the Soviet Union, while exactly half believed that limited nuclear war was a myth and that any conflict would be all-out between the two super powers.

The core of the anti-nuclear movement is not the radical Left prominent in the anti-Vietnam rallies of yesteryear, but, instead, groups of doctors, churchmen and scientists, like the Union of Concerned Scientists which last weekend held teach-ins at 150 campuses around the country.

They are all trying to reach that sizeable group of Americans—47 per cent, according to the October Gallup poll—who are worried about the chances of nuclear war but try not to think about it.

Mr Bill Kincade of the Arms Control Association believes that a sea-change in U.S. opinion began with heightened international tensions over Afghanistan, Iran and the Gulf and "a realisation by the American public that there really was no tacit bargain with the Soviets not to use nuclear weapons."

The election of Mr Reagan, his strident campaign rhetoric last year and his hawkish defence plans since then, further increased this nervousness. Mr Kincade also claims that Mr Reagan has—unwittingly — re-forged the old alliance between arms controllers and environmentalists, which succeeded in the early 1960s in getting the Arms Control and Disarmament Agency (ACDA) set up in Washington and the Limited Nuclear Test Ban Treaty signed.

To their dismay, anti-nuclear weapon groups have found themselves ignored in recent years by opponents of civil nuclear power, who have tended to seek separate redress for their grievances through the courts and Congress. But Mr Kincade suggests that Mr Reagan made a serious *faux pas* this autumn in proposing that some fissile material for weapons might be obtained from commercial fuel reprocessing. If that came to pass, "every civilian nuclear plant could be regarded as a bomb factory," says Mr Kincade.

Th nuclear arms controllers in the U.S. emphatically do not want to be painted as anti-defence, certainly not anti-conventional defence. They cannot ignore that Mr Reagan won a big mandate in 1980 to beef up military spending, nor can they afford to be seen as disappointed losers from the Democratic Party trying to refute that election verdict.

Few groups in the U.S. even among the churches, favour unilateral nuclear disarmament.

In the belief that a sensible middle course can and must be found, Mr Roger Molander, who was the nuclear weapons specialist on President Carter's National Security Council, has founded an organisation called "Ground Zero," the name given the point of a nuclear missile's impact. Its aim is educational, to air the confusing pros and cons in the nuclear debate—and, in Mr Molander's view, to answer a crying need for a middle course between the nuclear hotheads in the Reagan Administration and Europe's ban-the-bombers.

Poll blow to N-power prospects

By Our Washington Correspondent

A MAJORITY of Americans believes that no more nuclear power plants should be built in the U.S., according to an opinion survey released yesterday by AP-NBC.

Most Americans would not go as far as supporting the closure of existing plants but, according to the new poll, a majority said it would worry them to live within 10 miles of a nuclear reactor. The poll, showing that 56 per cent of those surveyed opposed building more nuclear plants, represents a sharp turnround from the era before the 1979 Three Mile Island accident. A similar poll in 1977 showed 63 per cent in favour of more reactors.

The most immediate problem for the nuclear power and construction industry, however, is getting plants under construction into operation. This problem was highlighted by the Nuclear Regulatory Commission's recent decision to revoke an operating licence, only granted a couple of months ago, for the Diablo Canyon reactor on the Californian coast.

The commission is considering whether design errors, in which components of the two reactors on the site were mistakenly transposed, have reduced the plant's ability to withstand earthquakes. Diablo Canyon stands near the San Andreas seismic fault.

Diablo Canyon has so far cost its owner, Pacific Gas and Electric, $2.3bn, and the financing charges alone are running at $15m a month.

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U.S. urges Israel to accept EEC Sinai force

BY DAVID LENNON IN TEL AVIV

WASHINGTON is strongly urging Israel to accept the offer by Britain, France, the Netherlands and Italy to send military units to the multinational force being set up to monitor the peace keeping arrangements in Sinai after the final withdrawal next April.

Israel was upset by the European statements linking participation in the Sinai force to the EEC's Venice declaration which calls for Palestinian self-determination after Mr Menahem Begin, the Prime Minister, had warned that he would not accept any such linkage.

Mr Yitzhak Shamir, the Foreign Minister, said yesterday that these statements had not made Israel's decision on the issue any easier. The Cabinet is expected to decide whether to accept the European offer at next Sunday's meeting.

The Sinai force is being set up by the U.S. and is expected to comprise about 2,500 men, at least half of them American. The only other countries which have so far promised to send contingents are Fiji, Colombia and Uruguay.

Australia announced yesterday that it is willing to send units to the Sinai force provided Israel agrees to European participation.

Washington would like the force to be as broad based as possible and, because of this, has been strongly urging Israel to accept the European units, which have already been welcomed by Egypt.

Part of the pressure or persuasion could come in the form of a link between Israel's attitude towards the European Sinai force and Washington's willingness to expand the areas of strategic co-operation between the two countries which is at present under discussion.

Mr Ariel Sharon, the Defence Minister, who is due to visit Washington next week to sign a memorandum of understanding about strategic co-operation is known to be unhappy about the limited nature of the co-operation being offered by the U.S. and is now hinting that he may cancel the trip.

Mr Sharon has said that he wants the co-operation to stretch "from the centre of the Mediterranean to the end of the Persian Gulf." So far all Washington has offered is to stockpile some medical supplies in Israel for possible use by American forces fighting in the region, some joint planning against outside threats to the Middle East, and a possible joint U.S.-Israel naval manoeuvre in the eastern Mediterranean.

BRIGHT STAR 82

Egypt troop manoeuvres end with desert bombing run

BY ANTHONY McDERMOTT IN CAIRO

THE U.S. yesterday ended its largest ever military manoeuvre in the Middle East with 90 minutes of bombing and strafing in conjunction with Egyptian forces in the Western Desert.

The climax of the operation, known as "Bright Star 82," and involving, on a smaller scale, U.S. forces in Sudan and Somalia and, next month, Oman, was a 12-minute earth-trembling bombing run by six B-52 Stratofortresses which had flown in direct from North Dakota.

Standing about one kilometre away from the bombing range and armed with ear plugs, it was eerie watching the huge bombers, two minutes apart, *almost float in, low and noise*lessly, shedding bombs like little sticks before floating silently off to North Dakota, 16 hours away, *a distant speck above it* all, apparently motionless, was a solitary U.S. Awac.

Before a stand of Egyptian and U.S. senior military officials, among them Maj-Gen Abd-Rabb el-Nabi Hafez, the Egyptian Chief-of-Staff, and Lt-Gen Robert C. Kingston, commander of the U.S. Rapid Deployment Force, and a full array of foreign military attaches, U.S. A-10 *support* and attack aircraft wheeled and swerved.

They were followed by high-*flying* U.S. F-16s and, from the Egyptian side, Soviet-made TU-16 bombers, MiG-17s and 21s and Sukhoi-7s and Mirage-3s *which roared over the desert*, strafing targets with rockets and guns.

This procession—accompanied by public announcements—had all the atmosphere of a deadly gymkhana.

As a final gesture to the supposedly joint nature of the three-week exercises, in which a total of 4,000 Egyptian and U.S. troops were involved, 40 men of the 82nd Airborne Division and another 40 of their Egyptian counterparts jointly assaulted a *set position and fired* anti-tank weapons at stationary targets. A commentary in Arabic and English — using Haigesque terms like "the need to optimise the unique capabilities" of this or that weapon, kept the audience abreast of developments.

According to military observers, this was the only genuinely joint operation carried out by the Egyptian and U.S. troops.

When they had finished they "double marched" in pairs from one kilometre away, chanting out on the American side "airborne" and the Egyptian side "mazallat" (parachutes) rhythmically, *led on the* U.S. side by a soldier who had inexplicably painted his face a bilious green as camouflage, up to the front of the stand.

There much hand-shaking, saluting went on against a background of patronising American choruses of "you are a fine soldier" to the Egyptians.

And "Bright Star 82" ended, at least in Egypt, for this year and, incidentally, on the same day as the briefer exercise in Somalia, after three weeks and expenditure of about $60m.

New fund to aid diamond industry

By Our Tel Aviv Correspondent

A $100m (£526m) fund is being set up by the Israeli Government, banks and the diamond industry to help small diamond manufacturing plants obtain loans to cover the purchase of raw diamonds.

The present crisis in the diamond industry has made it difficult for small companies to borrow from the banks which are nervous about the ability of the manufacturers to repay the loans. The new fund will serve to guarantee the loans.

The decision to set up this fund was taken at a meeting with Mr Menahem Begin, the Prime Minister, and other Ministers with the leaders of the diamond industry. It was also agreed to set up a joint committee to examine other ways of helping the industry through the crisis.

Meanwhile another 3,500 diamond workers have gone on indefinite strike in support of their demands for higher wages. Because of the depressed state of the industry it is difficult to gauge what percentage of the total workforce that is.

Mr Moshe Schnitzer, president of the Diamond Exchange, expressed sympathy for the demands of the diamond workers whose wages he said had fallen below those of workers in other industries.

...oscow ...ers to ...ll for ...lian oil

...s. Sharma in New Delhi

...OVIET UNION has ... to undertake contract ...rilling in India's ...ri Basin in the south... ...ntinental shelf as well ... to increase produc... ...om onshore wells in ... and states in north... ...dia.

...viet team led by Mr ...Maltsev, the oil indus... ...ister, is in New Delhi ...lks on co-operation ...ndia

...Godavari Basin is be... ... to be among the ... oil-bearing tracts in ...nd many foreign com... ...have offered to drill ...So far, the Indian Gov... ...t's policy has been to ... Godavari for its own ...d Natural Gas Com... ... and a loan has been ... from the World Bank ...nce exploration.

...ver, the loan has not ...lised so far and there ...e hitches due to the ...Bank's tight financial ...

...se of India's urgent ...to increase oil pro... ... and reduce the ...g oil import bill of ...n (£2.87bn) a year, ...vernment could recon... ... the decision on ...ri and allow foreign ... to explore there. In ... event, the Russians ... be the favourites.

...sions on bids made by ... foreign companies for ...atory drilling in ... continental shelf will ...en within the next 15 ...Mr P. C. Sethi, Minister ...etroleum, told Parlia... ...yesterday. Indications ...at offers by two com... ... will be accepted.

... Sethi said that India ... produce 16m tonnes of ... from onshore and off... ... fields in 1981-82, a rise ...out 4m tonnes over the ...us year. The bulk of ... additional production ... come from the rich ...ay High offshore oil

Victoria in bid to save Alcoa smelter

By Patricia Newby in Canberra

THE VICTORIA State Government has approached the Australian Government for funds in a last-minute bid to save the A$1bn (£602m) Alcoa aluminium smelter project at Portland.

Although discussions between Mr Lindsay Thompson, the Victorian Premier, and the Federal Government were private, Mr Thompson admitted yesterday that the state electricity Commission of Victoria would be forced to seek extra loan funds if it was to maintain its massive capital works programme and at the same time meet demands by Alcoa for a reduced electricity tariff to the proposed smelter.

The Victorian Cabinet is still considering a report on the volatile political question of just how much Alcoa should be required to pay for its power.

Mr Thompson, whose Liberal Government faces an election early next year, is anxious to keep the sole remaining large-scale project proposed for Victoria in the 1980's but at the same time must not offend electricity consumers who are opposed to subsidising the giant U.S.-based aluminium major.

Alcoa has said that it must make a decision by the end of this month on whether to continue with the smelter. About $A70m has already been spent on the project and another $A200m committed in contracts.

AP-DJ reports from Sydney: Only four days after its official opening, Australian authorities demanded the closure yesterday of the country's newest and largest uranium treatment plant.

Mr Ian Tuxwort, the Northern Territory's Mines and Energy Minister, said the Ranger projects's uranium tailings dam had not been fully covered by water in breach of environmental regulations. He said shutdown procedures were under way at the plant.

...ia 'seeks ...-bomb ...chnology'

...r Foreign Staff

...DENT ZIA-UL HAQ of ... has been quoted for ...t time as saying that ...a will definitely pro... ...e nuclear technology ... for exploding an ... bomb.

...ous Pakistani state... ...have always claimed ...akistan's nuclear pro... ... was for peaceful ... purposes, and a deter... ...n to make a nuclear ... would put at risk a ... military and economic ...ckage for which the ... Administration is ... approval in Congress. ...eal is contingent on ...n not going to the ...f actually exploding a ... device.

... Zia was quoted in an ...ew with reporters of ...'s semi-official Anatolia ...gency, who are accom... ...g Gen. Kenan Evren, ...rkish head of state, on ... day tour of Pakistan. ... *future of the world* ... nuclear technology. ...ore, Pakistan will make ... effort to provide and ...*is technology,"* *Anatolia* ... Gen. Zia as saying. ... atomic bomb . . . has ...ationality. When the ... States exploded the ...omic bomb it was not ... an American bomb. It ... atomic bomb. Now the ... Union and some other ...ies produce it. Why not ...n then? Pakistan is ...l at all costs to have a ...r technology," he was ... as saying.

...he end of last month, ...ies that President Zia ... determined to press ... with his plans were in... ...d when U.S. customs ... 5,000lb of zirconium ...m aircraft at New York ... for Pakistan. The metal ...be used to clad fuel rods ... nuclear reactor which ...ot be subject to usual ...ational controls on ...r non-proliferation.

Pakistanis expel four diplomats

ISLAMABAD—Pakistan yesterday ordered four Indian diplomatic staff members out of the country, charging they were engaged in gathering classified defence and security information, a Foreign Ministry official said.

A statement, released by the Indian Embassy, called the move "instant retaliation" for India's expulsion on Monday of three Pakistan Embassy officials for alleged espionage activities.

"This is clear from the fact that one of the officials whose withdrawal has been sought is on home leave in India for the last several days," it said. "No specific charges have been levelled against any of the four officials."

Mr K. Nathar Singh, the Indian ambastador, was summoned to the Foreign Ministry where Mr Zafarul Islam additional Foreign Secretary, said the four Indian officials had 72 hours to leave Pakistan. All of the Indians and Pakistans being expelled by the two countries were relatively low-ranking clerical staff members.

Mr Singh rejected the espionage charge, which was not backed by specific allegations, an Indian Embassy official said.

In New Delhi, an External Affairs Ministry official said India considered the expulsion "pure propaganda and a retaliatory step."

The charges levelled by Pakistan against the four Indians were "totally baseless," Mr J. N. Dixit said.

Meanwhile, officials here remained tight lipped about the alleged spying by three Pakistan Embassy staff members in New Delhi who were asked on Monday to leave the country. Their Indian contacts have not been disclosed.

"When we caught the fellows taking the documents, obviously we caught the fellows giving the document," one official said. He declined to elaborate. AP

...rprise choice ... deputy ... Bangladesh

...evin Rafferty

...CE Abdus Sattar, ...adesh's new President, ...ed a small bombshell ... his ruling Bangladesh ...alist Party yesterday ... he chose Dr Mirza ... Huda as the country's ...resident.

...ior members of the ...had been urging that a ...member and an elected ...er of the National ...ably should be chosen. ... Huda, who is 62, is a ...ocrat and was Minister ...nance in the late Presi... ... Zia-ur Rahman's early ...nments. The appoint... ...of Dr Huda may be ...as a sign that President ... wants to be his own ...and takes Bangladesh's ...mic plight seriously.

India, China loans 'threat to Asean'

By Frank Gray and Emilia Tagaza in Manila

TIGHT LIMITS on concessional aid and a disruption to borrowing patterns by India and China threaten to leave the Asean group of nations with an inadequate fund to develop their economies, a senior Indonesian Government official said yesterday.

Mr Widjojo Nitisastro, co-ordinating Minister for Economy, Finance and Industry, said that the situation is being aggravated by China's recent membership of the World Bank, by recent large loans secured by India *from the* Bank, and the Indian Government's decision to tap into the Manila-based Asian Development Bank for the first time.

ENERGY REVIEW

The prospects of finding 'a blessing from Allah'

By David Dodwell, recently in Pakistan

THE RECENT discovery of oil at Khashkeli, in Pakistan's south-western province of Baluchistan, has generated excitement far out of proportion to the modest size of the find.

Union Texas, the company that discovered the field in June, predicts only 1,000 barrels a day (b/d) production by next month, and only 4,000 b/d by June next year. However, the fact that it has struck oil at all has tantalised many—only natural gas had previously been found in this part of Pakistan.

The find was well timed to boost the flagging morale of foreign and domestic oil companies that have, in some cases for decades, been frustrated in their efforts to tap economically viable oil or gas reserves in Pakistan by a hostile terrain, badly fractured rock formations, and tiny or fast-depleting finds.

The oil discovery was the first to be made by a foreign company, and has no doubt given a fillip to the 10 other multinationals currently prospecting in Pakistan. That Union Texas struck oil at less than 3,400ft in a country where most deposits have been found at about 14,000ft is also thought encouraging. The oil is of high grade—higher than the benchmark light Arabian crude—and has no sulphur, so it will provide a large quantity of those petroleum products of which Pakistan is shortest—kerosene and diesel oil.

For more than a century, the prospect of finding major oil reserves in Pakistan has tantalised foreign and domestic companies. The country has over 700,000 sq km of sedimentary basin which offer the promise of oil or gas deposits. It has potential oil reserves of 53bn barrels onshore and another 3bn offshore. Recoverable reserves of gas amount to more than 455bn cubic metres.

Yet domestic production today meets only 10 per cent of Pakistan's total oil needs of about 93,000 b/d. Despite soaring oil prices and a burgeoning oil import bill, domestic production has actually fallen. Oil imports cost an estimated Rs 15.7bn (£850m) in the year which ended in June, accounting for 29 per cent of imports and eating up 54 per cent of export earnings.

Pakistan's prospects may not be as dire as those of countries with no indigenous oil or gas reserves, like Sri Lanka, or with resources which are negligible in comparison with their needs, like India, but they are gloomy enough for the four-year-old Government of Gen Zia ul Haq to have given the very highest priority to the search for energy.

It has prompted the formulation of an oil development policy which embraces plans for accelerated development of new fields, enhanced production from old fields, new and improved incentives for foreign investment in the search for oil and gas, a boost for the Government-owned Oil and Gas Development Corporation (OGDC) and encouragement for joint ventures between the OGDC and foreign oil companies.

The policy shows signs of having some effect. While an average of three wells a year was drilled throughout the 1970s, 30 were drilled in the year ending June this year. Investment in oil exploration rose to Rs1.8bn in the fiscal year just ended, and will rise to Rs2.5bn next year.

Chris Walker

Foreign interest in prospecting, which has vacillated over the 30 years since huge gas reserves were discovered at Sui in Baluchistan, in 1952, has rallied once again. Eleven foreign oil companies are now prospecting in various parts of Pakistan.

Two new concessions were agreed in the fiscal year just ended—one with Occidental for oil drilling in the Potwar basin south-west of Rawalpindi and one with British Petroleum for gas on the border between Baluchistan and Sind with Dohto of Japan—the first agreement reached with any Japanese company.

Pakistan's two domestic oil companies are close to reaching agreement on prices for new oil and gas discoveries which will furnish them with an incentive to explore for the first time in many years.

Pakistan Oilfields, whose output goes exclusively to the Pakistan Government, is currently paid just over $4 a barrel for oil fro mits wells in the Potwar basin in northern Pakistan. It has just negotiated an increase which will link the price of new oil to the prevailing world price: and will guarantee the company about $10 a barrel at present prices. Pakistan Petroleum, the country's main gas manufacturer, is also close to agreement on prices for new gas.

There are historical and political reasons why Pakistan Oilfields gets such a low price for oil. Some of the company's fields have been on stream for many years, and so the Government has been unwilling to grant price increases which would be interpreted publicly as windfall profits. In addition, in a country with few natural resources, the Government has felt that oil and gas found domestically are "a blessing from Allah," which should be used for the benefit of the whole population—an argument in favour of heavy subsidisation.

It has taken a steady fall in output in existing fields to persuade the Government that incentives for exploration are inadequate. Of Pakistan's seven producing oilfields, output is falling at four—Dhullian, Balkassar, Meyal and Toot. Instead of producing about about 25,000 b/d—the figure projected for 1981 shortly after Gen. Zia ul Haq came to power four years ago—output fell to 9,700 b/d in March, and has fallen to about 9,500 b/d today.

While gas production rose by about 16 per cent last year from 7.5bn cubic metres in 1979-80, demand has grown even faster. What is more, over 80 per cent of Pakistan's natural gas comes from the Sui field which is now almost 30 years old.

As the investments of the past two years take effect, so prospects for oil and gas production are likely to improve in the year ahead. Oil from Kheshkeli and additional output from Toot are expected to lift production by 6,500 b/d to 16,000 b/d by next June. The Government's five-year plan envisages domestic oil production of 30,000 b/d by 1985, though where this extra output will come from is as yet uncertain.

Gas output is likely to be enhanced by bringing the Pirkoh field, discovered in Baluchistan just 56 kms north of Sui in 1977, and the Dhodak field, discovered in 1976 in Dera Ghazi Khan, on stream. A $25m loan from the Asian Development Bank for development of the Pirkoh field is expected to be agreed in Manila later this month. At Dhodak, exploratory drilling continues, and loans are being sought.

Oil and gas together have throughout the 1970s accounted for about 78 per cent of all Pakistan's commercial energy needs. But as oil has become more expensive, so the Government has successfully shifted the balance of its needs away from imported oil and onto domestically produced gas. Oil now meets about 34 per cent of the country's energy needs, about 9 per cent less than a decade ago, according to a senior official in the Petroleum Ministry. Gas, on the other hand, now meets about 45 per cent of the country's needs, compared with a little over 34 per cent in the early 1970s.

The majority of the rest of the country's needs are met by hydroelectric power. The massive Tarbela dam, which will eventually generate about 3,400 MW, coupled with more modest dams in northern Pakistan such as Mangla and Warsak, mean that over 70 per cent of Pakistan's electricity comes from hydroelectric plants. Power losses are heavy—the Government estimates 31 per cent—but the power generating authorities have managed over the past five years to just about keep pace with the fast-rising demand for electricity.


GENERAL ZIA UL HAQ
Stepping up incentives

Load shedding is common, creating problems for many industrial users who need a steady supply of electricity, but power cuts are rare—which is more than can be said in other countries in the Indian subcontinent.

Pakistan also boasts a little coal— about 450m tonnes of low quality lignitic or sub-bituminous coal with a high ash and sulphur content. It meets about 5 per cent of the country's energy needs, and about 90 per cent of it is used for brick-making.

The Pakistan Government has over the past year introduced a number of measures aimed at conserving energy and particularly at cutting the demand for imported oil. Subsidies on most oil products have been cut or eliminated. Kerosene prices have been raised, despite widespread reliance on it as a cooking and lighting fuel in many of Pakistan's poorest regions. Sui gas is now used in most fertiliser and cement plants.

Another important saving will be made when the 870 km oil pipeline linking Karachi with Mahmood-Kot in Gujrat is completed at the end of this year. Refined oil products at present have to be carried inland by road and rail transport, causing extra congestion in Karachi, and consuming large quantities of fuel (transport accounts for over 50 per cent of Pakistan's oil consumption).

But energy conservation can have only limited relevance in a country with a tiny and fast-expanding industrial base. At present, industry accounts for just 5 per cent of Pakistan's oil consumption. Per capita energy consumption is just a tenth of the world average. As industrialisation accelerates — as it must if the country is to hoist itself above its current state of poverty — so the demand for energy must accelerate with it. Demand has risen at about 7 per cent a year over the past two years, and could be rising in double figures by the middle of the decade.

With this prospect in view, energy experts in Pakistan forecast a critical shortage by the end of the decade that can only be resolved in one way — rapid development of nuclear power.

BOND DRAWINGS

NORGES KOMMUNALBANK
US.$10,000,000 5¾% 20 YEAR EXTERNAL LOAN OF 1964

Hambros Bank Limited hereby give notice that, in accordance with the terms of the above loan, the redemption due on the 15th January, 1982, has been effected by the purchase of US.$161,000 nominal bonds and the under-mentioned bonds amounting to US.$662,000 nominal were drawn on the 12th November, 1981, for redemption at par, leaving a balance outstanding of US.$1,786,000 nominal.

The drawn bonds may be presented to Hambros Bank Limited, 41 Bishopsgate, London EC2 or to the other Paying Agents named on the bonds.

Bonds surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due 15th January, 1982, should be detached and collected in the usual manner.

For payment in London, bonds will be received on any business day and must be left three clear days for examination.

BONDS OF US.$1,000

18	20	43	47	61
71	80	81	82	83
102	114	115	121	124
136	138	145	146	186
249	302	329	337	473
478	481	485	486	487
502	510	520	521	522
532	534	535	541	545
549	577	581	588	591
659	689	700	701	704
705	743	757	741	810
824	827	830	835	836
837	838	839	840	852
862	867	872	879	886
929	930	945	969	992
1018	1025	1062	1073	1079
1089	1095	1097	1100	1117
1119	1122	1195	1197	1398
1530	1571	1594	1595	1997
1742	1761	1773	1774	1819
1856	1858	1860	1861	1862
1864	1878	1900	2051	2053
2056	2066	2087	2088	2095
2096	2097	2101	2103	2104
2107	2109	2115	2253	2257
2260	2344	2384	2410	2411
2412	2542	2582	2585	2591
2599	2600	2601	2616	2617
2619	2625	2631	2633	2644
2662	2720	2725	2726	2772
2773	2872	2874	2876	2877
2878	2879	2886	2896	2897
2899	2934	2956	2960	2976
2981	2982	3009	3016	3018
3027	3032	3034	3044	3055
3062	3064	3065	3069	3071
3076	3082	3087	3091	3094
3095	3096	3097	3098	3100
3102	3103	3108	3112	3113
3152	3178	3219	3229	3230
3231	3237	3238	3239	3247
3250	3252	3253	3255	3260
3269	3275	3280	3287	3288
3292	3308	3314	3321	3323
3325	3332	3333	3342	3348
3354	3355	3357	3360	3362
3363	3368	3373	3375	3376
3377	3378	3379	3389	3392
3393	3394	3398	3399	3400
3404	3407	3416	3430	3432
3439	3442	3447	3864	3880
3920	3921	3933	3976	3988
3969	4128	4129	4169	4184
4193	4194	4213	4224	4226
4227	4256	4293	4362	4380
4489	4520	4521	4526	4536
4576	4597	4606	4636	4650
4653	4658	4665	4667	4668
4673	4674	4675	4676	4677
4685	4696	4698	4699	4701
4704	4705	4720	4722	4738
4755	4756	4764	4811	4814
4815	4816	4817	4825	4838
4839	4863	4872	4898	4911
4931	4989	5059	5061	5065
5070	5077	5198	5240	5246
5247	5258	5266	5293	5296
5338	5356	5358	5383	5386
5394	5400	5417	5421	5423
5425	5431	5436	5449	5450
5456	5471	5476	5480	5492
5499	5502	5532	5545	5553
5554	5556	5558	5567	5588
5590	5591	5592	5593	5595
5606	5610	5612	5639	5643
5665	5688	5693	5698	5719
5720	5721	5751	5754	5760
5769	5770	5773	5779	5795
5803	5804	5805	5818	5832
5840	5856	5860	5865	5870
5874	5877	5884	5885	5886
5939	5945	5947	5955	5956
5968	5973	6006	6010	6022
6037	6136	6147	6184	6192
6214	6222	6224	6336	6357
6358	6359	6361	6367	6374
6376	6381	6385	6395	6399
6400	6404	6408	6412	6436
6438	6449	6465	6471	6583
6599	6604	6617	6652	6670
6677	6716	6722	6730	6740
6759	6764	6767	6772	6789
6797	6804	6806	6807	6816
6825	6921	6924	6925	6927
6928	6930	6964	6977	6994
7072	7083	7105	7107	7114
7115	7116	7118	7127	7132
7134	7136	7145	7174	7280
7330	7349	7391	7398	7399
7400	7401	7577	7761	7799
7800	7801	7803	7805	7806
7807	7830	7831	7836	7837
7851	7876	7891	7906	7920
7922	7937	7951	8007	8008
8135	8162	8163	8164	8175
8189	8194	8195	8196	8204
8224	8225	8233	8234	8238
8239	8240	8250	8254	8258
8287	8319	8320	8343	8384
8424	8425	8431	8436	8444
8496	8505	8507	8530	8531
8578	8589	8622	8623	8624
8625	8780	8782	8880	8913
8918	8919	8920	8923	8927
8929	8934	8939	8942	8950
8952	8953	8961	8963	8964
8965	8970	8972	8974	8977
9100	9103	9104	9146	9156
9186	9191	9197	9204	9241
9243	9246	9248	9267	9281
9292	9321	9322	9330	9331
9332	9333	9334	9336	9337
9344	9379	9394	9395	9396
9400	9402	9406	9478	9486
9511	9514	9527	9529	9562
9572	9573	9590	9591	9594
9622	9638	9643	9659	9695
9702	9720	9724	9725	9749
9752	9757	9758	9759	9760
9771	9772	9779	9789	9807
9819	9839	9840	9864	9870
9883	9884	9901	9942	9982
9991	9992			

The following bonds drawn for payment on the 15th January, 1980, have not yet been presented for payment:

927	928	1750	2090	2881
4824	5470	5477	5478	5631
5748	5759	6191	6397	6409
7281	8606	9284	9719	9744
9747				

The following bonds drawn for payment on the 15th January, 1981, have not yet been presented for payment:

30	151	247	251	368
543	546	547	782	891
892	893	894	932	1019
1042	1071	1098	1497	1527
1529	1531	1848	1865	1880
1882	2262	2263	2302	2303
2602	2660	2663	2817	2819
2820	2873	2875	2880	2924
2983	4126	4170	4230	4232
4379	4384	4944	5074	5076
5257	5310	5320	5325	5326
5411	5429	5438	5494	5495
5501	5546	5552	5572	5576
5690	5700	5723	5725	5810
5845	5852	5966	5974	6039
6041	6181	6205	6210	6308
6371	6406	6407	6410	6411
6582	6615	6661	6985	7082
7217	7229	7383	7397	7447
7450	7777	7802	7849	7882
8146	8179	8312	8318	8337
8338	8412	8481	8607	8912
8960	9119	9120	9155	9211
9257	9375	9466	9564	9569
9570	9648	9722	9799	9811
9860	9872	9876	9882	9885
9987				

HAMBROS BANK LIMITED
25th November 1981

'rench consortium n $500m deal or Caracas subway

DAVID WHITE IN PARIS

FRENCH consortium ng on the Caracas underd railway is due to take xtra work worth some n (£263m) under two new sion contracts.

is was confirmed yesterday ie leading member of the ce/Metro Caracas (Fra-) group, Societe Generale Techniques te d'Etudes 'E).

e consortium, which bed the contract for the zuelan capital's first underad line in 1978, signed a earlier this month for a d line.

e contract, denominated in rent currencies, is worth $300m. It includes the supf 136 carriages, track, elecation and signalling sys-

further contract to extend original line and provide rolling stock is due to be d next week, for approxily $200m.

irther French involvement ban transport development among the subjects discusduring a visit to Paris in l by Venezuelan President Herrera Campins.

ie Frameca consortium ps 14 French industrial ventures, with SGTE, part of the Empain-Schneider group, playing the co-ordinating role.

Empain-Schneider and other top French industrial groups including Matra and—mainly through Alsthom-Atlantique—the CGE electrical concern, are represented in various other aspects of the deal.

The rolling stock side is headed by Compagnie Industrielle de Materiel de Transport (CIMT), a joint venture of Compagnie Electro-Mecanique and Matra.

Besides the underground contract the French are also competing for a proposed coastal rail link.

Technip Nigeria order

Technip, the French engineering group, has won its third brewery construction contract in Nigeria this year with an order from Pan African Breweries worth $40m (£21m), AP-DJ reports from Paris. The brewery will be constructed in the state of *Ondo*.

'wiss machinery sector's orders hit 3-year low

IY JOHN WICKS IN ZURICH

order books of Swiss hinery manufacturers, who heavily dependent on eign markets, are at their est level for three years.

'he Swiss Association of chinery Manufacturers has orted a "marked cooling in business climate." Although metals and machine build- sections of the industry ve held their own, order ok volumes are equal to only ren months' production.

The immediate future is ewed "sceptically" by the ociation. The accelerated engthening of the Swiss nc is seen as further impair- the market chances of the ntry's engineering industry, le continuing domestic infla- will mean an additional dvantage to many comes "whose profits are dy under pressure."

In the third quarter of this year, 200 reporting companies registered total orders of SwFr 4.1bn (£1.19bn), or 3.2 per cent less than in the previous three-month period.

The order value was 7.2 per cent above that for the corresponding third quarter of 1980, but this increase was due partly to price increases. Some 65.5 per cent of all orders were accounted for by foreign clients.

Figures recently published by the Swiss customs directorate show that in the first three quarters of 1981, total exports of the metals and machinery sector (including precision instruments and watches) went up by 5.6 per cent to SwFr 19.3bn (£5.6bn). Average prices increased by 8.1 per cent over the same period.

INTERNATIONAL

Ansaldo in contract for Egypt plant

Ansaldo, part of IRI-Finnmeccanica, the Italian state engineering group, is to supply L120bn (£52.6m) of electric power equipment for the Shoubrah El Kheima power plant in Egypt, AP-DJ reports from Rome. Three high pressure furnaces with a capacity of 1,000 MW will be installed.

Finance for the power project is being provided by the World Bank, Ansaldo said. The furnaces are of the "natural circulation" type. They can be fuelled by either oil or gas.

STC Canada deal

Standard Telephones and Cables has won a £30m contract for advanced submarine power cables to connect Vancouver Island with the *Canadian mainland* for the British Columbia Hydro and Power Authority, the company announced.

Coal terminal plan

Weserhuette, part of the Otto Wolff group, won a DM 120m (£28m) order to design, deliver and erect a coal import terminal on the Shannon Estuary for the Irish Electricity Supply Board, Reuter reports from Cologne.

Toyota India link

Delhi Cloth and General Mills (DCM), the Indian conglomerate, is to manufacture commercial vehicles for Toyota, the Japanese *group, at a plant in Uttar* Pradesh. R.C. Murthey writes from Bombay. A joint venture company in which DCM and Toyota will each invest Rs 50m (£2.9m) of equity will be set up.

U.S.-China venture

Beatrice Foods has formed a joint venture food company with the city of Canton and China International Trust and Investment, Reuter reports from Chicago. The U.S. group has also signed an agreement with the Peking Economic Development Corporation to form a Sino-U.S. advisory group to evaluate food and light industrial business opportunities.

West Midlands companies are committing more to selling abroad. **Lorne Barling** reports

Export orientation could hit home market

A SENSE of desperation about the UK economy is driving increasing numbers of West Midlands companies to commit more resources to exporting, sometimes with encouraging results, but often at barely acceptable profit margins.

Recent surveys by the Confederation of British Industry (CBI) and the West Midlands *regional chambers of commerce* indicate that this trend will benefit companies when world markets improve, probably in the middle of next year, but with a consequent threat of rising imports.

According to the survey by the chambers of commerce, **export deliveries and orders by companies in the area have** *risen steadily since the start of* this year—albeit at a slow rate and from a low base—and industry is generally more optimistic about the outlook.

There is concern, however, at the number of *medium-sized* companies which have become so heavily committed to exports that their UK sales represent perhaps only 20 or 30 per cent of turnover, eroding their ability to meet increased home demand.

In the past, industry has tended to transfer production back to the UK when demand warrants it. But having made heavy investments in developing new markets abroad during the long recession, many may be unwilling to do so in future.

Mr Steve Rankin, regional director of the CBI, said: "Companies have switched dramatically from home to export markets, often to maintain production volumes and make use of capacity. They will not reliquish them easily."

He said there had already been disturbing signs, in very limited sectors, of imports being sucked in to meet slight increases in demand caused by slowdowns in de-stocking. There were fears that this could become a serious problem in future.

It is now widely accepted that manufacturing in the West Midlands, highly dependent upon the motor industry, will never return to the comparatively high capacity of 1979 and this is one of the main reasons for the flight into export markets.

Motor component suppliers such as Guest Keen and Nettlefolds, Lucas, Automotive Products and Brockhouse, have *suffered badly from this decline.* Increased exports have subsequently led to progressive *investment in manufacturing* plants in buyer countries.

This has often been at the insisistence of customers who, *though impressed by the products*, are nervous about costs and reliability of supply from the UK. The recent strength of sterling has also encouraged this kind of investment by major companies.

Mr Reg Parkes, chairman of Brockhouse and a member of the CBI regional council, said that his company's exports had *increased by about 15 per cent* last year, but this year they would rise by around 45 per cent as a result of a major export drive.

The U.S., in need of European technology for smaller and more fuel efficient cars, is attracting a high proportion of component investment and the weaker dollar has also helped direct exports, including Jaguar cars.

Last month more than 900 Jaguars were sold in the U.S., the highest figure since May 1978, compared with total U.S. sales of 2,300 last year. This success is attributed to improved specification, quality and the better exchange rate.

BL is also optimistic about European exports of the Mini Metro, which is now selling at around 1,500 a month in Italy and 1,000 a month in France; *an encouraging start in two key* countries. A sales target of 100,000 a year on the Continent *has been set*, but much depends on future exchange rates.

Land Rover and Range Rover exports, now mounting to *around £230m a year have also* increased in spite of the recession, due mainly to better availability and more aggressive *marketing, while the prospects* for next year are good, according to Mr Richard Murray, marketing director of Land Rover.

However, overall exports from the West Midlands, under exchange rate conditions which are considerably worse than two years ago, are far from buoyant and most orders are *won in the face of severe competition*, often from U.S. companies expanding into Europe.

Hugh Routledge

Land-Rovers coming off the line at Solihull—"the prospects for next year are good"

Costs are therefore critical. Future orders have seldom been so dependent upon wage restraint and profit margins are *extremely low in many cases.* Currency instability is also a major risk and many companies believe this problem to be as serious as sterling's strength.

Mr James Ackers, chairman of the regional chambers of commerce, said many companies operating in the North American market had benefited initially from the weaker dollar, but the recessionary effects of high U.S. interest rates were now offsetting most of this advantage.

With the quickening trend towards a more international automotive and engineering industry, the virtually enforced export activities of Midlands companies may stand them in good stead. However, subsequent investment abroad will mean little relief for the unemployed in the Birmingham area.

Overall, it is a critical time for many exporting companies, since they have been forced into markets of varying suitability. Decisions must be made on whether these fit in with their longer term plans.

UK-Japan public works plan discussed in Tokyo

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

A PROPOSAL for British and Japanese engineering companies to co-operate in executing Japanese public works projects was outlined in Tokyo yesterday by the leader of a British engineering industry mission.

The proposal is still to be worked out in detail, but would involve the Japanese government allocating funds from its public works budget to Japanese companies prepared to work in a "fairly equal partnership" with British companies.

The benefits of the scheme, as described by Mr Astley Whittall, Chairman of BSG International and leader of the engineering mission, would be to enable Japanese and British companies to get used to working together in Japan before attempting to co-operate in third markets. An "incidental benefit" could enable some reduction of the UK's deficit in engineering trade with Japan, now estimated at around $450m (£237m).

The British proposal for participation in Japanese public works schemes was put forward at the opening session of a joint meeting of the Japan Machinery Exporters' Association and members of the Engineering Employers' Federation and the Process Plant Association.

The purpose of the meeting was to discuss co-operation in exporting industrial plant.

Iraq factory contract goes to Dow-Mac

Dow-Mac Concrete, the Lincolnshire subsidiary of Norcros, has won a $36.5m (£19m) contract to build a railway sleeper factory for the New Railways Implementation Authority of Iraq, our World Trade Staff reports.

It will operate the factory for five years and sell to the authority 2.5m sleepers with a base value of $115m.

This is the second railway sleeper factory contract Dow-Mac has won in Iraq. The earlier order was completed in 1978. Dow-Mac's main competition came from an undisclosed Japanese company, which is thought to have tendered a lower price.

British Shipbuilders wins £30m Norwegian order

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS has won a £30m order from Norway for two merchant ships of its new economy design, bringing the value of business gained this year to over £625m.

The 45,000-tonne bulk carriers will be built at the Govan yard in Glasgow for Jebsens (UK), a British affiliate of Kristian *Jebsens Rederi of Bergen.*

The order is the first for British Shipbuilders' B45 economy design, aimed at cutting fuel consumption in line with the general world shipping trend towards more efficient vessels.

This year's new order total now includes 28 merchant ships, two semi-submersible drilling rigs and ten naval vessels. The total size of the actual merchant order book now exceeds £700m.

For Govan, which has also gained a major Canadian order this year, the Norwegian contract means continuity of work for the next two years. The yard has booked orders in under four months for seven *ships worth about £125m.*

Mr Robert Atkinson, chairman of British Shipbuilders, said he believed the group would soon win more orders for the B45 vessel.

British Shipbuilders will build the engines for the Jebsen ships, using a design by Sulzer, the Swiss group.

Venture to promote latest machine tool technology

BY ALAN CANE

THE MACHINE tools division of Tube Investments and Taylor Hitec, a specialist robotics company, have formed a partnership. Mechtronics, to promote the use of the most advanced manufacturing technology devised.

The technology, called Flexible Manufacturing Systems (FMS) is the combination of robots and computer numerically controlled machine toools in unmanned production lines which can make a wide variety of products, or variations in a single product.

An automobile component manufacturer, for example, making carburettors using a flexible manufacturing system could switch easily between models for several different makes of car, while the line was running.

The partnership between TI and Taylor is the first of its kind formed to promote FMS in the UK. Prof Robert Bell, head of manufacturing technology at Loughborough University, said yesterday that Japanese developments in FMS were astonishing, while the French, Germans and theU.S. were making great strides.

"There is just time to put this right in the UK. We have five years to put it all together, or our manufacturing industry will go into accelerated decline," he said.

The partnership is a contractual one, but thet guidelines are loosely drawn. TI will provide computer numerically controlled lathes and machining centres; Taylor Hitec — which specialises in robot arms to service the insides of nuclear reactors — will provide robots and systems experience.

The partnership will provide a joint advisory group which will survey the requirements of a client company and provide a feasibility study.

It will provide the hardware and the computer software to tie the system together, as well as guidance to the considerable Government aid available.

Britain needs EEC, Labour told

BY ROBIN REEVES

UK withdrawal from the EEC and industrial protectionism could deal Britain a "mortal blow." Mr Ivor Richard, the Brussels Social Affairs Commissioner warned in Cardiff last night.

Mr Richard used the BBC Radio Wales Annual Lecture to attack the Labour Party's case for EEC withdrawal. "To pretend, as Mr Benn appears to be doing, that withdrawal can be speedy and painless is to grossly mislead our people," he said.

Import controls on the scale envisaged in Labour's "so-called alternative economic strategy," would be met with "equally massive and widespread retaliation."

The controls would cause Britain to renege on its international obligation, not only to the European Community, but to the whole of the trading world.

Mr Richard added that it was "simply nonsense" to argue that Britain outside the EEC would be able to develop its trade with the European Free Trade Association and find new markets in developing countries. Britain already had free trade with EFTA and in the Third World, the obstacle to buying more goods was simply lack of resources.

He went on: "For those countries like Hong Kong, Taiwan and South Korea which provide us with textiles, shoes, television sets, etc, the alternative economic strategy would require that we establish high tariff barriers against such goods, which would hardly be an encouragement to those countries to then buy British exports."

Mr Richard also forecast that EEC withdrawal would jeopardise thousands of jobs dependent on foreign investment. Almost half of all U.S. non-oil investment in the EEC now comes to the UK, compared with less than a quarter before membership.

The Brussels Commissioner, appointed by Labour to the post, acknowledged that the EEC was unpopular, but he was at pains to dispel any impression that he might follow his predecessor, Mr Roy Jenkins, in his break from the party.

Cut-throat competition for car sales 'will worsen'

By Kenneth Gooding, Motor Industry Correspondent

COMPETITION IN the new car market will increase in the 1980s as various incentives, price-cutting and other cut-throat tactics remain a feature of the UK business.

This assessment was made yesterday by Dr Jim Maxmin, chief executive of Volvo Concessionaires, the major subsidiary within the Lex Group.

"The rest of the 1980s will be worse than the beginning because the real problem is the long-term overcapacity in the car industry," he said.

Volvo Concessionaires predicts that total UK registrations in 1982 will rise to 1.52m, against a forecast 1.49m this year. "Judging by the state of the British economy that figure should have been 1.38m—the rest was made up by the incentives offered."

Dr Maxmin pointed out that while Volvo Concessionaires had not become involved in cut-throat tactics it expected to sell 44,100 cars this year, up 12 per cent on the 39,500 for 1980, and improve its market share from 2.63 to 2.96 per cent.

Stockbrokers Phillips and Drew gave an indication of Volvo Concessionaires's importance to the Lex Group when they estimated the car business contributed £16.4m of the Lex operating profits of £21m last year.

Volvo Concessionaires has spent £8m in three years to improve its facilities.

The number of dealers has risen to 259 from 248 in January.

Pennock endorses union legislation proposals

BY LORNE BARLING

SIR RAYMOND PENNOCK, president of the Confederation of British Industry, yesterday fully endorsed the Government's planned trade union legislation, but urged industry not to believe that this alone would solve its industrial relations problems.

He said it was vital for companies to invlove their workforces as fully as possible to make them understand the role they play and enable them to discuss and question management decisions constructively.

Sir Raymond said the trade union legislation outlined this week by Mr Norman Tebbit, the Employment Secretary, was balanced, reasonable and echoed public opinion generally. "It proves that Mr Tebbit is not the ogre he has been made out to be."

He said at the regional CBI annual lunch in Birmingham: "At the end of the day it will not be legislation which solves the problems, but our ability as managers to win the confidence and trust of our workforce, which we do not have now."

He said the CBI would release details today of a survey of 300 companies employing about 4m people, which showed some improvement in industrial relations, but not enough.

The West Midlands had recently suffered more severely from a recession than ever, with unemployment at a very high level. Little improvement in activity could be expected in the next four months.

But the region had led the way in achieving low wage settlements and greatly improved productivity, which was expected to increase nationally by around 10 per cent this year.

The CBI would urge the Government to cut its costs. He believed about £4bn a year could be saved with staff reductions and other measures, allowing more to be spent on public service projects which would in turn boost industrial output.

Unemployment was now a vital issue, he said. He called for a radical reform of training and a national plan for higher education with employers playing a part to meet the needs of industry and help find a solution to the problem.

Industry urged to sell North Sea expertise

FINANCIAL TIMES REPORTER

BRITISH management must take advantage of technical advances made in the North Sea so that the UK can become a world leader in oil exploration and development, Mr James Goold, chairman of the Scottish CBI, said in Aberdeen yesterday.

He criticised British industry for being timid in selling its North Sea expertise to countries engaged in offshore exploration.

Mr Goold said after a two-day visit to Aberdeen and North-East Scotland that he was concerned that industry was not taking advantage of oil exploration in other parts of the world.

But he said he was impressed with the way oil-related industry had entered new areas of exploration and development in the North Sea. He said there had to be an element of risk in new investments.

● Mr John Davidson, Scottish CBI director, commenting on the latest Scottish unemployment figures, said the number of vacancies had risen and the rate of increase in unemployment was beginning to decline significantly.

Heath backs launch of 'CIA' service for business

By Alan Friedman

IRIS, the private sector's answer to the CIA, was launched in London yesterday with Mr Edward Heath, former Conservative prime minister, as chairman of the group's international advisory council.

Incorporated in the Netherlands, based in Washington and formed at the request of "a group of European businessmen," IRIS, International Reporting Information Systems, will provide political and economic information for multinational businesses.

The company has an initial capital of £5.25m and the main shareholders are Henry Ansbacher, the Bank of Bilbao Group, the Skandia Group (Sweden), the U.S.-based Government Research Corporation and the Seascope Overseas Corporation.

IRIS expects to employ a staff of 50 analysts in Washington by the end of next year. There will be 96 overseas "correspondents" reporting to Washington.

Mr Heath said yesterday he had seen how inadequate information for businessmen is during his time on the Brandt Commission. The IRIS venture appealed to him "as a vehicle for providing information to businessmen."

Mr Heath refused to divulge the salary he or Mr Robert McNamara, former president of the World Bank, would be paid for their services on the advisory council. As to reports of an annual fee of £50,000 Mr Heath said: "That is a matter between me and my colleagues in the organisation."

He would resign from IRIS if he ever again became leader of the Conservative Party or held any official position. "This venture makes absolutely no difference to my political life or the way I look after my constituency."

Court reserves judgment on trapped ship

By Raymond Hughes, Law Courts Correspondent

THE COURT of Appeal yesterday reserved judgement in the dispute over the date on which a charterparty was frustrated as a result of the Iraq-Iran war.

Hemisphere Shipping Company, owner of the tanker Wenjiang, one of about 70 vessels trapped in the Shat Al Arab waterway since September last year, appealed against a Commercial Court decision to allow International Sea Tankers, charterer of the Wenjiang, to appeal against an arbitrator's ruling on frustration.

International says the frustration date for all charterparties involving the trapped vessels must be the same, because the basic facts in all disputes are indistinguishable.

In the four disputes that have so far gone to arbitration three different frustration dates have been picked by London arbitrators.

Minister warns Harland shipyard's future at stake

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT has warned that the future of the State-owned Harland and Wolff shipyard in Belfast cannot be guaranteed unless the company can win orders on acceptable terms and deliver ships on time.

Concern is growing in the Confederation of Shipbuilding and Engineering Unions that, without more orders soon the company will be forced to make further cuts in its 6,500 labour force.

Mr Adam Butler, Minister of State responsible for industry in Northern Ireland, told a delegation from the CBI the shipyard needed to become more efficient and competitive. It must ensure that the four ships under construction were completed without undue delay.

Mr Butler said Government support already given to the loss-making company this year amounted to £8,000 for every worker — a higher per capita subsidy than was being provided for British Shipbuilders.

He stressed that the Government would continue to support Harland and Wolff.

Mr Colin Lowry, president of the Northern Ireland district of the Confederation, said that unless new orders were won about 700 workers at the yard could be laid off by next June.

TELEPHONES — BY JASON CRISP

Getting a buzz from computers

BRITISH TELECOM plans to place orders for £600m of large computer-controlled telephone exchanges with British manufacturers as part of its massive modernisation programme.

Orders for the exchanges are to be shared equally between British Telecom's traditional three main suppliers, Plessey, GEC Telecommunications and Standard Telephones and Cables, a subsidiary of the U.S. telecommunications company ITT.

The latest orders are for the TXE4A exchange, developed by STC. It is the last stepping-stone in a line of exchanges which will take Britain from the old electro-mechanical equipment to the fully-digital electronics exchanges of System X.

The £600m of orders means British Telecom will instal 190 TXE4A exchanges across the country from Taunton to Aberdeen between 1982 and 1985. It will also extend 54 existing exchanges.

Britain has 6,000 telephone exchanges, ranging from large international to small local exchanges. About two-thirds of all exchanges are electro-mechanical and are based on a technology which was developed in the last century. The old exchanges are slow, occupy a large space, need a lot of maintenance and often result in poor communications.

Britain was rather slower than other industrialised countries in adopting electronic exchanges—partly due to a disastrous failure with an ambitious experimental electronic exchange in 1962, which made the Post Office very conservative in its attitude to new technology.

Plessey developed a small, basic electronic exchange, TXE2, first installed in 1966. Since then, about 1,200 TXE2 exchanges made by all three suppliers have been installed and its maximum capacity has increased from 2,000 to 7,000 lines.

STC developed a larger version, with up to 40,000 lines and including some computer control, the TXE4, which was further developed by the Post Office. The first was installed in 1976.

Both exchanges stood little chance in export markets. They were expensive because of the Post Office's stringent design standards, and were several years behind equipment being offered by other European manufacturers.

The TXE4 exchanges being ordered by British Telecom are smaller, using many more integrated circuits and microprocessors, and have more sophisticated computer control.

The most advanced generation of exchanges, System X, jointly developed by British Telecom and the three main suppliers over a decade, is only now being introduced. Two System X exchanges have been connected to the network on an experimental basis and British Telecom has placed orders for 30 with the three manufacturers.

The TXE4 and 4A exchanges will be used to replace outdated large local exchanges, while System X will be used initially to modernise the trunk network.

Are you buying a truck or an iceberg?

Actually it's quite a serious question. Because the buying price of a commercial vehicle, even one as well-made as a Mercedes-Benz, is a surprisingly small part of its total life costs.

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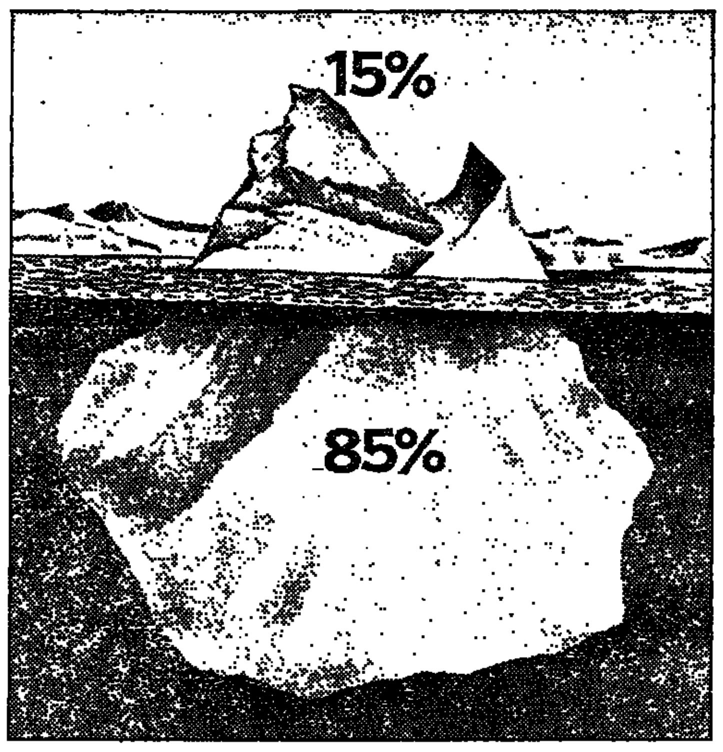

In the case of Mercedes you'll find the tip of the iceberg surprisingly competitively priced. But the benefits of the Mercedes-Benz philosophy are really in evidence below the surface.

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Unit trust sales rise by £4m net

BY ERIC SHORT

THE MARKET setback in September has not shaken the investor's confidence in equities, nor impaired this year's boom in unit trust investment.

Marketing figures for October, issued yesterday by the Unit Trust Association, show that while sales fell by £10m on the month to £59.6m, repurchases were £15m lower at £33.8m, indicating that investors did not panic and sell. Thus, net new investment in October rose by over £4m to £25.8m—about £9m above net investment in October last year.

October's figures were helped by the high number of new trusts launched—12 in the month—compared with four in September.

Mr Mark St Giles, chairman of the UTA, said these surprisingly good figures showed that investors did not panic after the September fall, as has happened in previous bear markets. The subsequent market recovery justified the investors' decisions not to sell.

Unit trust groups are enjoying their best year in one of the biggest sales booms in the history of the movement. Total sales this year, to the end of October, amount to £820m, and net new investment £446m — already well above the previous highest annual totals.

The total value of funds under management rose by £100m on the month to £5.49bn at the end of October. However, this figure is well below the £6.13bn value of funds under management at the end of August.

Mr St Giles also announced the formation of a Consumer Advisory Panel, an informal group which will advise the UTA on consumer

Equipment-leasing group opposes accounting plan

BY JEREMY STONE

OPPOSITION to the proposed accounting standard for leasing and hire-purchase has been expressed by the Equipment Leasing Association. The standard, Exposure Draft 29 was issued by the Accounting Standards Committee last month.

The association's member-companies transact more than 80 per cent of finance-leasing business in the UK. It has asked for ED 29 to be withdrawn until its objections have been more fully explored. The draft took about six years to prepare. The standards committee intends to accept comments only until March 31 next year.

The association opposes the proposed capitalisation of leases in lessees' accounts. The principal reason is that the assets are still owned by the lessor, who has merely granted a lease on them. The association also doubts whether courts might nevertheless regard their appearance in lessees' balance-sheets as implying ownership. It raises the further possibility that tax authorities might disallow lessors' claims to capital allowances.

If the taxation system changed in this way it would remove much of the attraction industrial companies have seen in leasing as a way of financing investment in fixed capital.

Bread prices to rise by 1p

BY GARETH GRIFFITHS

BREAD prices will rise next week, adding 1p to the cost of a 800 gramme sliced loaf from 39½p to 40½p recommended selling price, although competition among retailers should mean that average bread prices will remain below that level.

Associated British Foods, the largest bakery group in the UK and the market's price-setter, announced the 1p increase on its pricing list yesterday. The 800g loaf is regarded as a benchmark for pricing in the industry.

Ranks Hovis McDougall, which announced its annual results yesterday also said it would be putting up its prices next week. Smaller bakers will follow suit.

All bakers have been suffering an erosion of margins during the past few months due to severe competition in bread prices in the supermarkets. A 800 gramme loaf, recommended to sell at 39½p, is being sold in many supermarkets at 29½p.

The previous increase, also of one penny, was in May. Bakers say increases have fallen behind the rate of inflation and to restore the industry's profitability substantially higher increases were needed.

Bread consumption in the UK has fallen during the past few years although it appears to have stabilised recently. Brown bread is holding up better than white bread. In the past year brown bread sales have risen by 12 per cent over 1979/80, while white bread sales have fallen by about 2 per cent, compared to the same period last year.

The boom in brown bread sales appears to have petered out, with sales up only by some 2 per cent during the second quarter.

Town and City to revalue property

BY ANDREW TAYLOR

TOWN AND CITY Properties is to carry out the first revaluation of its properties since 1973. The move was announced just two days before new rules on accounting standards for property investment companies are due to be announced.

The Statement of Standard Accounting Practice (SSAP 19) due to be published on Friday will require property companies to include open market valuations of their investment properties in annual accounts.

In the case of publicly-quoted companies the statement recommends that annual valuations be carried out by "persons holding a recognised professional qualification" and that external valuations be conducted at least every five years.

The new standard will be effective for all accounting periods beginning on or after July 1 this year. It will affect a number of property companies which in the past have fought shy of including open market valuations of their properties in annual accounts.

Town and City plans to include a full revaluation of its properties in its next accounts for the year ending March 1982 — a full 12 months before it will be required to do so under the new rules. The revaluation is being conducted by Healey and Baker, estate agents and chartered surveyors.

d Town and City Properties, which has been struggling to make a profit since 1974, reported net assets equivalent to about 14p a share in its last balance-sheet. Recent brokers' estimates suggest the open market value of the properties could increase net assets to 35p to 40p a share.

Town and City in its accounts for the year to March 1981 said since April 1974 it had sold properties totalling £409m compared with a book value of £371m. The company has in the past three years to publish a full revaluation of its properties.

Hammerson Property and Investment Trust, one of the country's largest property companies, last night indicated that it would reluctantly comply with the new accounting standard but not until the year ending December 31, 1982 as it would not be necessary to include a revaluation of its properties until then.

Rank will spend £20m in Europe

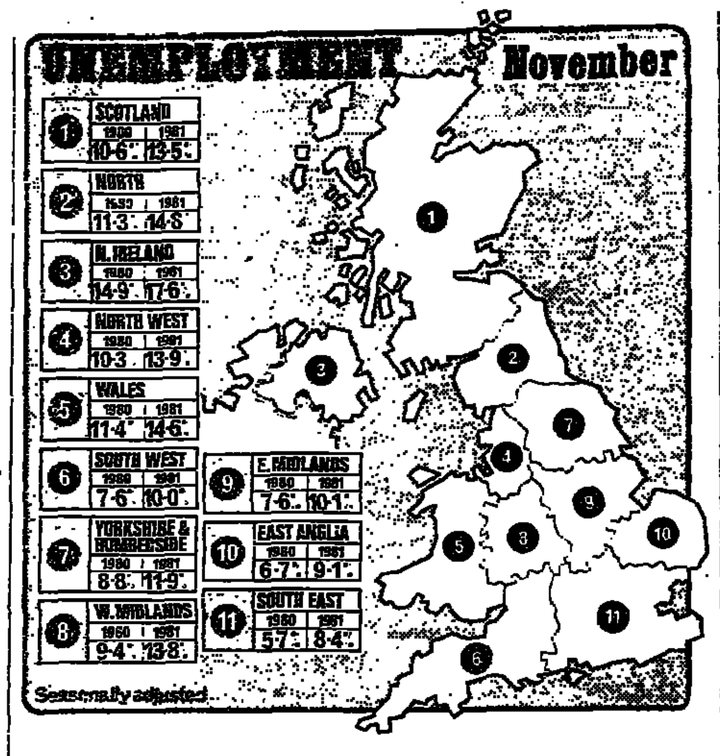
From Arthur Sandles in Phoenix Arizona

THE Rank Organisation plans to buy up to 10 hotels in Europe over the next five years, at an estimated cost of £20m. The hotels would be managed by Rank's Butlin subsidiary, rather than be incorporated as a part of the up-market Rank Hotel Division which has been recently divesting properties.

Mr Bobbie Butlin indicated at the annual meeting of the Association of British Travel Agents in Phoenix that the hotels may be part of a new foreign package tour operation Rank is considering.

A £14m purchase by Rank of the OSL/Wings group from Tozer Kemsley and Millbourn is being completed. Rank would use the OSL expertise for charter flights and packaging, and the Butlin skill in mass-market catering to establish a new company.

The OSL deal alone makes Rank one of the biggest holiday companies in the world, catering for more than 2m holiday-makers each year.



The largest proportionate seasonally adjusted increase in unemployment last month was in Wales, where rates went up by 2,000 or just over 1 per cent.

The increase in the North West was 3,500, which represents just under 1 per cent of the unemployed in the region. The only areas where joblessness actually decreased were Greater London and the Midlands.

Recession hinders cuts in armed services

By Bridget Bloom, Defence Correspondent

THE RECESSION is having a serious effect on Government efforts to prune the armed services to levels which can be afforded within reduced defence budgets.

In spite of a marked deceleration in recruitment for all three services the number of serving men and women is higher than at any time in the past five years.

According to a Defence Ministry statement yesterday, the main reason is that service people are leaving for jobs elsewhere in the economy at a much slower rate. Overall recruitment in the July-September quarter was less than half that of the corresponding period last year. In the same quarter, only 7,414 men and women left the services, the lowest quarterly figure since conscription ended 20 years ago.

Yesterday's figures show that none of the services is even beginning to meet reductions planned over the longer term.

Last June's defence review, The Way Forward envisaged cuts in the Royal Navy's strength by 8,000 to 10,000 to about 50,000 over the next five years. The Army is to be cut by 7,000 to 135,000 and the Royal Air Force by 2,500 to about 85,000.

These cuts were to be accomplished "as far as possible through natural wastage and careful control of recruitment rates," according to the Review. Far from losing servicemen, Defence Ministry figures show the Army is above its trained and the Navy by about 1,000.

There were 335,174 men and women in the armed forces on September 30. This was 2,700 more than a year earlier. The ministry's figures published yesterday, which include servicemen in training as well as those on the regular establishment, show 66,678 for the Navy, 2,200 more than a year ago, though intake is 27 per cent below that period.

Army recruitment was 48 per cent lower, with total strength at 168,503. The RAF showed a total intake 25 per cent lower than last year, with a total

BL rates fight goes to court

BL yesterday challenged in the High Court rate increases which will bring this year's rates bill for its Birmingham and Coventry factories to £7.39m.

BL Cars and several subsidiaries appealed in Birmingham High Court against a 150.3p in the pound rate made in Coventry on March 10 and a 142p in the pound rate made in Birmingham in April. Sir Derek Walker-Smith, QC, for BL, said the company had every right to be very aggrieved over rates increases on its properties.

NatWest cut

NATIONAL Westminster Bank has cut the interest rates on its investment accounts for amounts ranging from £2,500 to £50,000, by 0.75 per cent. The six-month rate has been reduced to 14.5 per cent and the three-month rate to 14 per cent.

GEC lays off 370

THE GEC fusegear plant in Liverpool is to lay off 370 production workers. The company said current orders were insufficient to maintain employment levels at the factory, which has been on short-time working for 12 months.

Hyatt London move

THE Hyatt Corporation is to take over the running of the Carlton Tower Hotel, London, in the New Year. There will be a large-scale refurbishment programme and Hyatt plan to change the Carlton Tower into something more akin to its successful Chicago hotel.

Tank works to shut

F. H. LLOYD is to close its Cardiff factory next month with the loss of 160 jobs. The company, which makes tank tracks, failed to win a new Ministry of Defence order for the Chieftain tank.

Guardians of past

A NEW executive agency to take responsibility for the management of ancient monuments and of grants for work on historic buildings in England has been proposed by Mr Michael Heseltine, the Environment Secretary. It would manage the 400 monuments in the care of the Environment Department and make grants for the preservation of historic buildings.

Debenhams closure

DEBENHAMS is to close its Newcastle-under-Lyme store, losing 60 jobs, even though it is making a profit. The company said: "The store has been trading well, but there is no room for expansion or development on the site, and therefore no real future for us."

Travel account shows deficit of £391m

By James McDonald

BRITAIN'S travel account for the first nine months of this year showed a deficit of £391m, compared with a £141m surplus in the same period of last year, according to International Passenger Survey figures published yesterday by the Department of Trade.

Overseas visitors to the UK, totalling 9.10m, were 9 per cent fewer than in the same period of 1980 and they spent 3 per cent les than a year before at £2.29bn. Visits abroad by UK residents were 9 per cent higher at 15.58m and they spent 21 per cent more than a year before at £2.68bn.

In September overseas visitors spent £345m here, 10 per cent more than a year before, but Britons abroad spent £500m, an increase of 28 per cent.

Compared with September last year visits from North America increased by 11 per cent

DOCKYARD CLOSURE BY BRIDGET BLOOM

A blow for the Rock

BRITAIN'S decision to close the naval dockyard in Gibraltar could hit its tiny 2¼-square-mile colony hard. Nothing is manufactured in Gibraltar and almost nothing grows there: the wry joke is that not even the olive trees bear fruit.

Sir Joshua Hassan, Gibraltar's chief minister, recently estimated that British defence activity and spending by resident and visiting servicemen accounts for 60 per cent of Gibraltar's gross national product — estimated at £60m in 1980.

Britain's decision to close the dockyard, which has been a key naval post since Britain wrested legal title to the colony under the Treaty of Utrecht in 1713, was foreshadowed in June's major defence review.

The Royal dockyards in Britain, long recognised as inefficient, have been losing money while the number of refits has gone down—from 66 in 1975-76 to half in 1980.

The review (which also involves a substantial reduction in the surface fleet) announced the closure of Chatham in the mid 1980s, severe surgery at Portsmouth — and possible closure of Gibraltar, which is said not only to suffer from similar ineffiicencies to the British yards but to cost some 10 per cent more to run.

Mr John Nott, Britain's Defence Minister, refused last June to put his defence cuts in a detailed financial framework and no reliable figures are available for the sort of savings expected from the dockyard cuts in general or the Gibraltar cuts in particular. It is suggested, however, that the Gibraltar dockyards cost some £10m a year to run.

The MoD has said that it expects to save some £1-£1.5m a year from cutting operating hours at the Gibraltar airfield, run by the RAF but also used by civilian aircraft.

What is saved in Gibraltar will partly depend on what alternatives can be found to the naval dockyard. The Gibraltar government was reportedly angry yesterday at the manner of Britain's closure announcement: it had been hoped that no decision would be made—and no closure effected—until an alternative had been found. As it is, talks at a senior level began only last night, following the arrival in Gibraltar of an official British team.

Clearly, Britain hopes that a commercial user—and preferably a buyer—can be found for the dockyard which, it appears, is to comprise two berths, three dry docks, two slipways and associated workshops. Ten berths are to be kept for the

What is saved in Gibraltar will partly depend on what alternatives to the naval dockyard can be found. Talks at a senior level began only last night, following the arrival in Gibraltar of an official British team.

naval base, which is to remain with the Royal Navy. A confidential report on the commercial prospects for the dockyard is now with the Gibraltar government, but its contents remain secret.

Britain is committed—in the words of last June's defence review—"to support the economy of Gibraltar if it is decided that dockyard work there cannot be kept up indefinitely." But it is not yet clear what that commitment involves.

There is discrepancy for example in the estimates of total job losses involved. The Ministry of Defence in London says that 950, of which 800 are local and 150 British, will have to go, while Sir Joshua Hassan's total employment figure for the dockyard is 2,750.

The confusion may arise because the naval base is physically integrated with the dockyard.

Retention of the naval base, the Ministry of Defence says, will mean that the 470 Royal Navy personnel in the shore establishment will also remain. So, too, will the 419 RAF personnel, and the British army battalion, with a strength of 840.

There can be little doubt of Gibraltar's need for alternatives. The border with Spain, closed 11 years ago, shows little sign of being reopened. The April 1980 Lisbon joint declaration by Britain and Spain, which at the time presaged a normalisation of relations, has still to produce any results.

Some £14m of British aid for the years 1978-81—half the development budget—is almost exhausted. Some hope for future income is put on encouraging longer-stay visitors from Britain to replace the day-trippers from Spain. Three new hotels have been built with that in mind.

But clearly Britain will be expected to make up losses from dockyard and associated income unless real alternatives can be found.

As for the strategic implications of the dockyard closure, the Ministry of Defence argues that since the naval base and refuelling facilities are to remain, Gibraltar will retain its importance. Nearly all reinforcements for Nato's southern command would pass through the Gibraltar straits in time of crisis.

It could be argued that Spain's likely accession to Nato within the next year or so makes the Gibraltar base less important to the Western alliance—indeed some suspicious Gibraltarians see the dockyard closure as a prelude to the handover of Gibraltar to Spain.

For as long as Britain remains committed to honouring the wishes of Gibraltarians themselves, that seems unlikely.

ATFORMS AND THE STORM

BY RAY DAFTER, ENERGY EDITOR

Oilfields buffeted by the wild North Sea

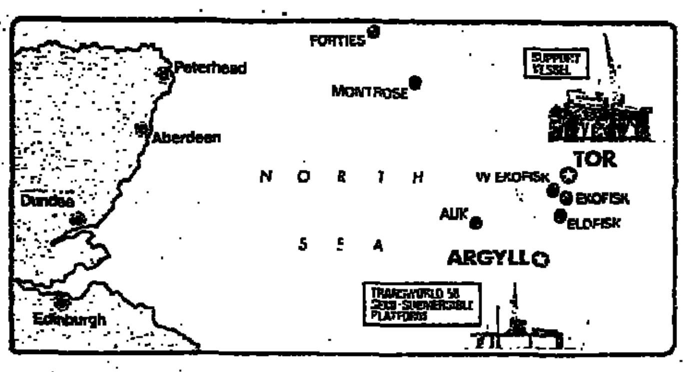
CE STORMS caused in two North Sea fields rday. But for planning swift rescue work, the ier could have led to a rophe.

the Argyll oilfield, the ng production platform fragged from its moorings sent drifting in 35 to 50 ft s with winds gusting at than 100 mph. Attempts being made to take the submersible vessel into yesterday afternoon.

rty miles away in the Noran Tor gas field, the Sedco ips SS, a large semi-subible saftey/support vessel an anchor and was in er of being blown against production platform. in an hour, an anchorling ship had managed to a line on board the driftvessel to bring it under ol.

each case, production was down several hours before incidents. The field operawere prepared for a rough . for winter storms are a tant threat to the offshore and gas industry and the sands of men and women work offshore.

t is pretty tough out ," radioed Mr Bill Laird, iore installation manager Occidental Petroleum's r platform to the North he Argyll and Tor fields. This is one of the worst : that I can remember. ry moveable object has been battened down. In theory, helicopters can still land but the wind is too strong for the crew and men to cross the helicopter deck to the aircraft."



Mr Laird said the Piper platform—like all the other installations in the North Sea—was being buffeted by waves over 40 ft high and wind speeds of above 90 miles an hour. "This is the kind of weather we must *expect and be prepared for out* here."

Government authorisation procedures insist that platform and production facilities must be designed to withstand the worst weather that can be expected once in every 50 years.

Those conditions almost arose yesterday. The Energy Department said that in the area around Argyll Field, the worst that could be expected in 50 years was assessed as a wave height of 82 ft and a wind speed of about 83 mph over a sustained (60 minutes) period and 115 mph in three-second gusts.

The Government may have to review its minimum standards. North Sea operators said yesterday that bad weather—close to the 50-year conditions—seemed to occur with surprising frequency. As it is, many of the oil and gas production platforms are designed to stand up to the sort of storms and sea conditions which occur once in every 100 years.

The industry may also want to re-evaluate anchor designs, given that anchors on both the Argyll Field platform and the Sedco Phillips SS vessell failed oo hold their positions yesterday. Mr Richard Hoseason Smith, designer of a new type of anchor intended to prevent North Sea oil rigs breaking free of their moorings in heavy seas, said traditional anchors "belonged to the days of Nelson."

A prototype of the new design has been fabricated by Fred. Olsen's subsidiary, Norscot Oil Services at Lerwick in the Shetland Islands.

The Argyll Field platform, operated by Hamilton Brothers, is one of the few North Sea production units which does not stand on the sea bed. Formerly a drilling rig, the platform—*named Transworld 58* — is normally anchored above the field in the central sector of the North Sea close to the UK, Norwegian and Danish boundary lines.

When the field is on stream, oil is allowed to flow from a cluster of wells on the seabed, up through a "riser" pipe to the platform and then to a nearby tanker for loading. In bad weather, production is halted. Valves in the wellheads *are closed* and the "riser" pipe is raised.

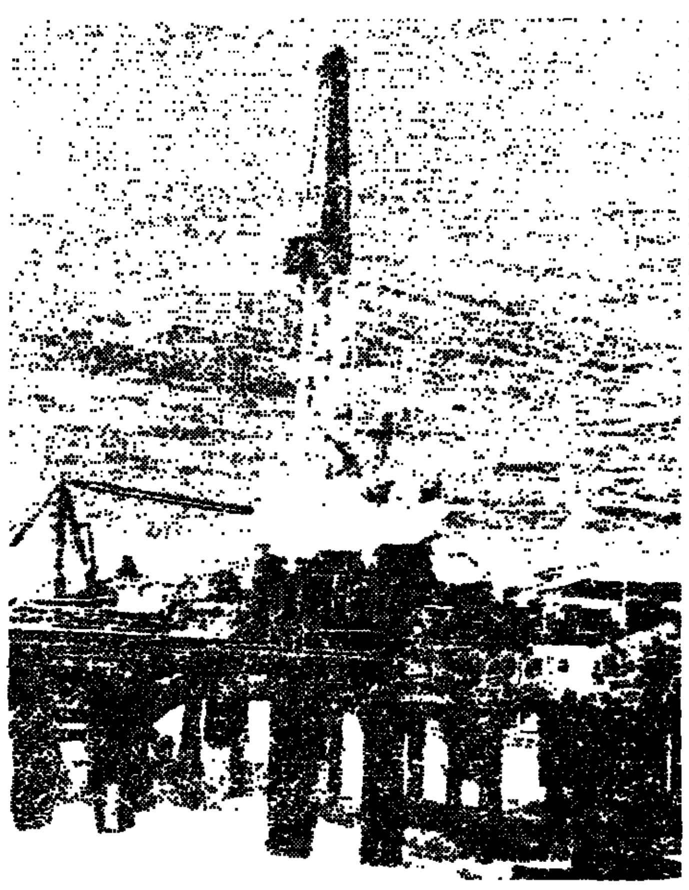
In an average year, production on Argyll is suspended one day out of four because of bad weather. A further 10 per cent of the potential producing time is lost through maintenance or disruptions in shipping arrange*ments*.

Hamilton Brothers said yesterday that no-one on Transworld 58 had been injured. Forty-eight of the 70 men on board had been evacuated by boat and helicopters. Those remaining were essential rig crew, two divers who were in decompression chambers and the divers' attendants. The company said the semi-submersible was riding out the storm without any problems.

The semi-submersible vessels, with their large floats positioned well below the sea's surface, have been specifically designed for stability in heavy seas. This is the reason why Phillips and other operators have chosen the semi-submersible design for their support vessels.

The Sedco Phillips SS, a $50m vessel, took up station in the Ekofisk area of the North Sea four years ago. It was the world's first purpose-built safety and maintenance vessel. Others are following. Occidental has already positioned a similar vessel in the Piper Field area. Shell/Esso use one, the Uncle John, in the Brent Field area. Today British Petroleum will name Iolair, a multi-*purpose ship which will operate* for much of the time in the Forties Field area.

The Iolair, due to be delivered next spring, has been built by British Shipbuilders on the Lower Clyde. At a cost of £60m it is the most expensive ship built in the UK, other than vessels ordered by the Royal Navy.



The Transworld 58 oil rig adrift yesterday in the North Sea.

Multi-purpose vessels combine the role of rescue ships, fire-fighters, floating hospitals and workshops. They are being strategically placed in various parts of the North Sea to help combat emergencies and accidents.

For Government statistics show that yesterday's drama was far from being an isolated incident. Since the mid-1970s, rigs and floating cranes have gone adrift on at least eight occasions.

The North Sea, by the very nature of its rough, cold seas and high winds, is also one of the most hazardous working environments in Europe. Up to the end of last year, 106 deaths had occurred in the UK sector of the North Sea alone.

This takes no account of the Alexander Kielland disaster in the Norwegian sector last year, when 123 lives were lost in a capsized accommodation platform. Neither does it include the 14 offshore workers who died in helicopter crashes in the UK sector this summer.

According to the Energy Department, there were 45 serious accidents and 118 "dangerous occurrences" on the British side of the North Sea median line last year—considerably more than in previous years.

As Mr George Williams, director-general of the UK Offshore Operators' Association, said: "We may have been operating in the North Sea since the 1960s but that does not make it any the less inhospitable. It is still as hostile as ever."

Tests seek to cut diving hazards

BY RAY DAFTER, ENERGY EDITOR

GOVERNMENT agency is rrying out tests at the ttom of a 300-ft Scottish ch in an attempt to reduce ards for North Sea divers.

The tests coincide with sterday's opening of an ternational conference in ondon on diving technology Mr Hamish Gray, Minister State for Energy.

Mr Gray said that in 10 ears there had been a "treiendous advance in operaional diving techniques. In he UK we know that our selfufficiency in oil could not ave been achieved without ie courage and endeavour of ie divers," he added.

During the Scottish tests, overnment officials are tryg to gauge to what extent vers can be assisted—and in some cases replaced—by machines for many of the oil-related talks.

The Offshore Supplies Office—part of the Energy Department — has invited three offshore oil and gas service companies to demonstrate underwater vehicles in a test site in Loch Linnhe, on the west coast of Scotland.

The office wants to see how well the vehicles, which are equipped with manipulative arms, can operate compared with divers.

Three remotely controlled, unmanned vehicles are being tested. Palmer Marine of Great Yarmouth is demonstrating its Cetus vehicle and *Subsea Offshore (owned by* British Petroleum and Oceco of the U.S.) is operating its Scorpio vehicle and its Marine Maintenance and Inspection Machine (MMIM).

The third company, British Oceanics, is demonstrating a manned submersible vehicle.

The £500,000 programme includes a number of tasks commonplace to the offshore oil and gas industry. The vehicle operators, working in a visibility of less than 6 ft at times, will attempt to manipulate bolts, clean marine growth from installations, cut cables, turn valves, cut pieces of metal and connect and disconnect hydraulic pipes and guide lines.

The Offshore Supplies Office said the Government was attempting to encourage *development of UK under*water technology as well as reduce the oil and gas industry's reliance on divers.

Government unwilling to curb rate of oil reserves depletion

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is likely to drop plans for new depletion measures to control the flow of North Sea oil.

The latest production forecasts indicate that peak output of UK oilfields in the next few years will be at a lower level than originally expected.

Ministers and officials in the Energy Department are thought to be arriving at the view that no further changes are needed in the measures which at present can be used to control North Sea production rates.

These include restricting the output of individual fields in certain circumstances, changing production profiles at specified break-points in field development plans and delaying development consents.

Anxious

The Government, which is currently reviewing its depletion policy, is also anxious to maintain North Sea taxation revenue. As oil prices are likely to fall in real terms during the next year or two, the Treasury in particular will be anxious to see production levels maintained rather than curtailed.

Energy Ministers had promised to make a statement on depletion policies this autumn but nothing emerged, partly because of the changing pricing and production forecasts. The *Energy Department* is also reassessing its policies regarding the encouragement of development work in small, economically marginal fields.

An indication of the Government's latest North Sea production forecast is contained in the UK Offshore Operators Association's submission on offshore oil taxation presented to the Treasury last month and made available to the public yesterday.

Following discussions with Government officials, the association estimates that UK oil production will rise from this year's level of 1.85m barrels a day to 2.05m b/d next year, 2.16m b/d in 1983, and a plateau of 2.26m b/d in 1984 and 1985.

Although this level of production will substantially exceed Britain's expected consumption, it will not be as great as previous Government and industry forecasts have indicated.

In 1979, for instance, the Energy Department was forecasting that UK oil production could be running at between 2.3m to 2.8m b/d in 1982 and 1983.

The Offshore Operators Association points out that stockbrokers Wood, Mackenzie had analysed the production capacity of each field for industry tax purposes. They suggested that output could rise from 1.9m b/d this year to almost 2.6m b/d in 1984.

The taxation document also stresses that the UK will be *forced to rely increasingly on* production from smaller and smaller fields. The best prospects had been exploited first.

The Association says that of the fields found so far:

Development

- The first 25 commercial discoveries contained an average of 447m barrels;
- The next 11 fields under consideration for development contain an average of 91m barrels; and
- The 37 marginal fields, still to be exploited, each contain an average of 62m barrels.

In its tax submission to the Government, the Association recommends that the supplementary petroleum duty should be terminated; an additional oil allowance should be introduced; advanced Petroleum Revenue Tax payments should be introduced; a separate oil allowance should be given to satellites of commercial fields; and royalties should be automatically repaid in the case of marginal fields.

UK NEWS—PARLIAMENT and POLITICS

Committee election defeat for Rippon

By Peter Riddell, Political Editor

MR GEOFFREY RIPPON yesterday faced a Tory loyalist backlash after his recent strong criticisms of the Government's economic strategy.

He was replaced as chairman of the back bench foreign affairs committee by Mr Ray Whitney, who is generally regarded as being on the right of the party on both foreign and domestic policy.

Right wingers were last night saying that Mr Rippon's defeat was a direct reaction by Government supporters to his attacks on economic policy in the past two months.

Supporters of both candidates had organised actively ahead of the vote (of which the details were as usual not disclosed) and the moderates were clearly dismayed by the outcome.

This is the first occasion during the current round of elections to back bench committees when an incumbent officer has been defeated.

Tory MPs generally are loyal to existing office holders of both moderate and right-wing views. A moderate won last week's election to fill a vacancy on the employment committee.

Mr Whitney was a long-serving diplomat before his election to parliament and is a forthright exponent of his views.

No extra cash for pensioners

Financial Times Reporter

PENSIONERS will receive no immediate extra cash aid from the Government to keep up with the cost of living, MPs were told in the Commons yesterday.

They will have to wait until the annual review—a year from now—to be compensated for rising inflation, said Mr Norman Fowler, Social Services Secretary.

Pressure on domestic rates grows

BY IVOR OWEN AND PETER RIDDELL

GROWING PRESSURE from Tory backbenchers for the abolition of domestic rates was yesterday acknowledged by the Prime Minister in the Commons. But she gave no firm commitment on timing and stressed the problems involved in finding a replacement source of revenue.

Mrs Thatcher is known to favour legislation as soon as practicable, preferably before the next election, but there is no agreement among ministers about alternatives.

A consultative Green Paper will be published next month setting out possible schemes such as a local sales tax, a poll tax or a local income tax.

There will be no pointer to ministerial preferences and the document will indicate the problems associated with local and central government fund-raising and control.

There will then be a consultative period, probably of about six months, before decisions are reached.

Meanwhile, active consultations continued yesterday about the search for an alternative to referendums as a means of limiting local authority rate increases under the Local Government Finance Bill.

Department of Environment ministers last night attended a meeting of the back bench finance and environment committees to discuss the options. They apparently made it clear that the referendum was being dropped, and pointed out the serious legal and political problems involved in any central attempt to limit rate increases.

Although no clear indication of a decision was given it is known that environment ministers favour the deterrent of fresh elections for councils seeking to raise rate above a level specified by Whitehall.

This also has the support of many of the back benchers who oppose referendums, but the elections option has not yet been accepted by the full Cabinet in view of objections by some senior ministers and party managers.

The main argument in favour of elections is that they would never in practice be required, though Mr Michael Heseltine, the Environment Secretary, will probably have to promise that these provisions would be renewable after a year and would be only a short-term measure.

It is hoped that sufficient agreement will have been reached by Thursday so that Mr Francis Pym, the leader of the Commons, will be able to announce a date for the Second Reading of the Bill.

In the Commons yesterday Mrs Thatcher reaffirmed her objection to the unfairness of the present rating system.

She gave no timescale for the consulatations about the Green Paper but stressed that "the speed that can be done will depend on whether we can bring forward a Bill, which I think it would be advisable to do, if we can in the present parliament."

Feeling on the Tory back benches that the abolition of domestic rates would be a sure-fire vote-winner was emphasised by Mr John Farr (Con Harborough) who declared that such an achievement before the next general election would win "overwhelming support throughout the country."

The Prime Minister replied that she hoped Mr Farr was correct. She went on to stress that the revenue at present derived from the rating of domestic, commercial and industrial premises would have to be replaced by revenue from elsewhere.

Mrs Thatcher: acknowledged back bench concern

"You cannot have expenditure uncovered by taxation," Mrs Thatcher insisted.

"The difficult thing is what tax should be levied to cover the loss of income

BR trading position 'worse than expected'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

BRITISH RAIL's trading position has worsened beyond what was forecast last summer, Mr David Howell, Transport Secretary, told the Commons yesterday. The loss of passenger revenue has been so great that the Government has concluded the British Railways Board has no chance of recouping this year.

Earlier in the day Mr Howell announced that the Government was making a special supplementary increase of £110.4m in the grant to BR.

This is to compensate for those lines maintained as a public service, rather than as a profit-making operation.

Mr Howell was opening the second reading of the Transport (Finance) Bill, which increases BR borrowing by £200m with provision for a further rise of £200m if necessary.

The extra £110.4m grant he said, underlined the need for management and unions to press ahead and improve the financial position of the railway.

The situation demanded the strictest economies in administration, prompt adjustment in the levels of services, rigorous steps to control unit costs and early agreement on changes in practices.

On the other hand, he did not think the prospects were as bleak as some maintained. The Board was well ahead in its plans to reduce posts and manpower in 1981.

Mr Howell was firmly resolved that by the beginning of 1983, a separate grant for the London and South East commuter services should exist so that passengers could see clearly what they were paying for in their fares.

He had warned the Board that it should never plan to increase fares for commuters and that it should follow the example of the Southern Region by making improvements in reliability, punctuality and cleanliness.

Turning to the docks, he said that further financial assistance to Mersey Docks and Harbour Company, and the Port of London Authority was only to enable them to put their affairs in order, and cease burdening the taxpayer.

According to Mr Howell much had already been achieved at these two ports, however, they would continue to need substantial financial assistance in covering severance pay and capital investment over the next few years, and to meet operating losses in 1982.

He warned that "there must be a clear end in sight to the need for operating subsidies," however.

Doubts over Molyneaux's leadership of OUP

By Brendan Keenan in Belfast

DOUBTS are growing about Mr James Molyneaux's continued leadership of the Official Unionist Party, as loyalists of all shades ponder their next moves after Monday's day of protest and the display of para-military force by the Rev Ian Paisley and his supporters.

Mr. Molyneaux has come in for criticism for not appearing to provide a clear alternative to Mr Paisley.

Attention is beginning to turn to Mr Harold McCusker, MP for Armagh as a possible alternative. Mr McCusker said yesterday that the party needed leadership which would give strong direction, clearcut decisions and avoid the pitfalls which, he said, the party had fallen into last week.

He agreed that this might require changes in personality at the top, although he was not seeking the leadership himself.

Mr Molyneaux said he thought the criticism was the kind one got in any party which allowed free dissent.

It was up to the party officers to tender advice if they thought the leadership had lost the confidence of the rank and file. He had no reason to believe they intended offering such advice.

Mr Paisley is writing to Mrs Thatcher asking for the return of devolved government and an end to the Anglo-Irish talks in the light of the feelings expressed on Monday.

He has also promised further "extreme action" which would take place without warning.

"It will have to be done in such a way that the Government will really be shaking," he said.

The leader of the SDLP, Mr John Hume, said Mr Paisley had effectively made a unilateral declaration of independence and the Government should confront him head on.

Textile negotiations to be based on 1982 import quotas

BY IVOR OWEN

QUOTA LEVELS fixed for 1982 will form the basis of the EEC's negotiating position in talks with Third World textile producers on a successor to the Multi-Fibre Arrangement, which expires at the end of next month.

Announcing this in the Commons yesterday, Mr Peter Rees, Trade Minister of State, recognised that it would be a "matter of disappointment" for Britain's hard-pressed textile industry, which has been urging the Government to stand firm on the import totals for 1980 as the base point for the new arrangement.

He maintained, however, that it would be wrong to attach too much importance to "theoretical and notional quotas" when it was known that, in practice, they had never been fully taken up.

Mr Rees concentrated on the need to limit future imports to "actualities" and underlined the key role of the proposed "anti-surge mechanism" in preventing a suddent expansion of exports to take up previously unused quota rights.

He explained that the actual quotas for individual MFA countries would have to be hammered out in detail in the course of bilateral negotiations during 1982.

Mr Rees claimed that the groundwork had now been laid for a new arrangement which would be tough—"indeed in many respects even tougher than the current MFA"—and provide the UK industry with the trading climate it needed to plan for the future.

Mr John Smith, Labour's trade spokesman, said the adoption of the 1982 quota levels as the basis of the EEC's negotiating position was a concession by Britain in advance of the actual bargaining.

He asked what action the Government planned to take to prevent low cost producers building up their exports to Britain to high levels which could be used for their future advantage.

The level of exports was a matter which would be considered in some detail in the negotiations in Geneva, and he did not want to be drawn into detailed comments on what was a matter of "some sensitivity."

Mr Rees said he recognised the significance of the percentage, or threshold level, which would "trigger" the anti-surge mechanism.

● **Anthony Moreton writes:** Mr Rees's statement, described by one association as "rather bland," was notable for what it did not say rather than what it did.

It was clear from it that the EEC had adopted the harder line advocated by the British, French and Italians rather than the more liberal approach to trade favoured by the West Germans.

But it is also clear that the EEC position is still only a statement of principle and that the details of its case remain to be thrashed out by the Council of Miinsters at their meeting in Brussels on December 7 and 8.

British industry will be disappointed if 1982 quotas prevail.

This would allow supplying countries to send a high level of goods into the EEC and use that high level as a platform from which to supply a steadily increasing amount of goods in succeeding years.

SHADOW CABINET LIST

The full shadow Cabinet list, with other front bench spokesmen named by Labour leader Mr Michael Foot yesterday, is:

Deputy Leader: Foreign and Commonwealth Affairs
Denis Healey.
Economic Affairs
Peetr Shore
Environment
Gerald Kaufman
Home Affairs
Roy Hattersley
Leader of the House and Defence and Disarmament
John Silkin
Employment
Eric Varley
Energy
Merlyn Rees
Education
Neil Kinnock
Transport
Albert Booth
Trade, Prices and Consumer Protection
John Smith
Social Security
Brynmor John
Industry
Stan Orme
Scotland
Bruce Millan
European Affairs
Eric Heffer
Legal Affairs
Peter Archer
Health Service
Gwyneth Dunwoody

OTHER FRONT BENCH SPOKESMEN

Food, Agriculture, Fisheries
Norman Buchan
Women's Rights and Welfare
Joan Lestor
Wales
Alec Jones
Northern Ireland
Don Concannon
Overseas Development
Frank McElhone
Regional Affairs
John Prescott
Science
Tam Dalyell
Civil Service
Alan Williams
Arts
Andrew Faulds
Disabled
Alf Morris

Ministers avoid unemployment benefit issue

Financial Times Reporter

BOTH THE Prime Minister and her Social Security Minister yesterday avoided commenting on rumours that the Government has plans to cut unemployment benefit.

Mr Mike Thomas (SDP, Newcastle E) challenged the Government to give a pledge that there would be no reduction.

But Mr Hugh Rossie told him during Question Time: "These are matters I cannot speak of today.

Later Mrs Thatcher also sidestepped the issue when pressed by Mr Reg Race (Lab, Wood Green)

Why the Conservative economic policy debate is changing course

BY PETER RIDDELL, POLITICAL EDITOR

THE DEBATE within the Conservative Party about economic policy has changed significantly in the last couple of months.

Instead of veiled and coded criticisms, a wide range of backbenchers and ex-ministers have been putting forward detailed alternatives to the current economic strategy. In response, the Government has downgraded its monotonous "there is no alternative" theme and has appeared to take seriously the critics' arguments.

The criticisms have surfaced in a variety of forms—*the Changing Gear* pamphlet written by 13 MPs of the 1979 intake—the so-called blue chips, the detailed programmes offered by Sir Ian Gilmour and Mr Geoffrey Rippon; a lengthy analysis last week from Mr Peter Tapsell, a Tory back bencher and stockbroker; as well as the majority of Tory speeches in the Queen's Speech debates earlier this month.

Almost all have a common framework of ideas, even if the detailed proposals differ. The main criticism is that the Tory Party should never be too committed to any one particular economic theory. The MPs are also sceptical about the operations of "monetarism" and they favour a less rigid interpretation of public sector borrowing (in practice, a higher figure).

The doubters (the so-called wets) favour a clear distinction between the current and capital spending of the public sector. In line with the current fashion, they want more capital investment on projects such as railway electrification and sewage. These MPs also want direct action to reduce industry's costs through the removal of the employers' national insurance surcharge. They generally favour moves to stabilise sterling, notably full membership of the European Monetary System.

The Treasury's main reply has been to Sir Ian Gilmour's programme. This is partly because of Sir Ian's prominence as a former Cabinet minister but also because he has made the most ambitious claims (and therefore perhaps the most vulnerable to attack?).

He has said that an expansionary programme could cut unemployment by up to 650,000.

One of the most contentious points has been about the European Monetary System. The Treasury has argued that the act of joining would in itself do nothing to secure exchange rate stability. Monetary and fiscal discipline would still be necessary to maintain a particular exchange rate.

More generally, Treasury ministers have criticised the assumption fed into Sir Ian's calculations that interest rates will be lower, and that, after an initial small depreciation, sterling will be stable.

Some critics favour outright opposition to tough measures . . . others may limit their attack to any proposals seen as socially divisive, such as cuts in the real value of unemployment benefit.

Sir Geoffrey Howe, the Chancellor, has argued that such results cannot be assumed from the start since higher expenditure and borrowing by the public sector will raise interest rates or the money supply—in the latter case leading to a falling pound and higher inflation.

Sir Ian's response is to stress that his claims are based on simulations run through the Treasury's own forecasting model of the economy. Many economists would, however, question how far interest rate and sterling can be treated as prior assumptions rather than as consequences of any policy.

Some other critics, such as the authors of the *Changing Gear* pamphlet, have been more cautious. They have urged reflation and some increase in public borrowing, but they are willing, if necessary, to accept higher personal taxes in order to reduce interest rates.

Apart from the detailed reply to Sir Ian's points, the main ministerial response has been to have informal talks with the critics and to emphasise how flexible the Government is in allowing public borrowing to rise in the recession.

Otherwise, the critics so far detect few substantial concessions in their direction—on, for example, capital investment. Some MPs see a shift of emphasis in the current public spending review in view of the admission that expenditure in 1982-83 will be much higher than originally planned.

Consequently, the critics appear to be divided about their likely response to next week's economic statement. Some favour outright opposition to tough measures, while others, recognising that some action on public spending is necessary, may limit their attack to any proposals seen as socially divisive, such as cuts in the real value of unemployment benefit.

Overall, the critics remain unconvinced on two main points. First, as stressed by Sir Ian Gilmour, they have challenged the Government to show when and how, on present policies, recovery will occur, unemployment will stop rising and inflation will decline.

Second, some of the MPs are worried that the result may be the worst of all worlds in which spending and borrowing rise in a haphazard way in response to external pressures but the Government obtains no political credit.

As Mr Chris Patten, the MP for Bath and one of the authors of the *Changing Gear* pamphlet pointed out in a Commons speech: "We do not want an unselective reflation achieved through seepage, which I suspect is what will happen. We want a selective package of measures to help industry to take advantage of its potentially far greater competitiveness."

It is these doubts which the Treasury has not yet fully answered.

UK NEWS—LABOUR

Shell refinery manual workers consider action on 8% offer

r BRIAN GROOM, LABOUR STAFF

NT-LEVEL meetings of l's 3,400 refinery manual kers today consider a call to industrial action if the com-, fails to increase its final per cent pay offer by 5 pm Monday.

ransport and General Wor-' Union negotiators have mmended members at l's five locations to prepare npose "restrictive sanctions icable to their own situas" to force the company to e its offer on basic rates and t allowances. These may ine working to rule or ban- overtime.

e union has warned Shell any disciplinary action will lt in total withdrawal of ur on a national basis.

hell is adamant its offer is l. No further meetings with union are planned. This innce, with the oil companies' sal to offer more than 8.1 cent to tanker-drivers and ribution workers, unders the companies' determinanot to concede rises above level in this pay round.

he Shell refinery workers, occupy a key position at start of the industry's wage nd, have an October 1 lement date.

he 8 per cent offer has been rejected by workers at Shell's four refineries—Ardrossan, Strathclyde, Shellhaven, Essex, Teesport, Cleveland and Stanlow, Merseyside—and the Carrington chemicals complex near Manchester.

Meanwhile, Shell tanker-drivers' shop-stewards meet tomorrow in the wake of last weekend's talks at the Advisory, Conciliation and Arbitration Service. These failed to relieve the dispute.

Negotiators at Esso and Texaco will report back to senior stewards tomorrow and on Friday. Their employers refused to raise the 8.1 per cent offer.

Mr Jack Ashwell, TGWU national road transport secretary, has warned a strike is almost inevitable. Chevron, whose 80 drivers are on strike, meets union officials at Acas today.

Chevron drivers at a multi-company oil-distribution depot at Hemel Hempstead yesterday extended their picketing to other companies on the site, including Shell and BP. They claimed to have cut petrol and oil supplies fro mhte depot by up to 75 per cent.

Bank union protest at jobs threat

By Brian Groom, Labour Staff

A ROW has broken out between the Banking, Insurance and Finance Union and National Westminster Bank Group over NatWest's refusal to concede a job security agreement to protect staff from job losses caused by new technology.

Bifu yesterday presented a petition at 10 Downing Street, coinciding with publication of the unemployment figures, protesting about a threat to 200-300 jobs from a reorganisation at Lombard North Central, a NatWest hire purchase and leasing company.

The job security issue it raises has been taken up at group level. NatWest will not agree that there should never be compulsory redundancies, and will not concede that management decisions on systems changes and new equipment should be fully negotiable.

It has offered a "code of practice" on reducing staff surpluses, which Bifu has rejected.

NatWest denied a Bifu claim that it was "practising in its subsidiaries for a later, more serious, reorganisation as a result of new technology."

Bifu fears that banking and finance institutions are taking advantage of insecurity created by the recession to force through fundamental reorganisation linked to office technology.

Ships stoppage 'may hit Ulster jobs'

BY OUR LABOUR STAFF

EMPLOYERS' organisations warned yesterday that the indefinite stoppage of shipping between the British mainland and Northern Ireland, due to begin at midnight tonight, could cause job losses in the province.

Mr Richard Gordon, Northern Ireland director of the Confederation of British Industry, said the stoppage was likely to damage the region. "All of industry's raw materials have to be imported and our main markets are outside the province."

The Engineering Employers' Association added that companies could no longer afford to hold large stocks of raw materials and would soon run into trouble if the stoppage was prolonged.

Supplies of food, particularly canned goods, cou'd run short if the strike continued for several weeks

Indications that the strike may not receive wholehearted support emerged yesterday as officials of the National Union of Seamen consulted crews in ports around the country. Seamen on the St Magnus, a P & O ferry operating between Aberdeen and the Shetlands have indicated reluctance to back the strike, as have crews on Sealink's freight and passenger ferries on the Stranraer-Larne route.

Ford plant pledge sought

BY OUR LABOUR STAFF

OFFICIALS and shop stewards of five unions yesterday called for assurances about the future of Ford's transmission plant at its Halewood factory, Merseyside. They claim its 2,000 jobs are in peril.

The unions fear that the siting of production of a new five-speed gearbox for Escort and Cortina cars at Cologne and Bordeaux will lead to the running-down of the plant.

Ford denied it had any plans to run down the plant beyond the continuous manpower reductions it was pursuing throughout its factories, and said it had investment planned for Halewood up to 1983. It was not prepared to give a pledge to an indviidual plant to keep it open in perpetuity.

Production at the Halewood assembly plant was disrupted yesterday when 2,000 workers were laid off after 36 men walked out over the disciplining of a colleague for failing to maintain work standards.

AUEW election procedures come under fire from the Left

BY PHILIP BASSETT, LABOUR STAFF

STRONG CRITICISM of election procedures in the Amalgamated Union of Engineering Workers is being voiced by Left-wingers in the Right-wing led union, whose ballots are frequently cited by the Government as an example which other unions ought to emulate.

Last week the AUEW engineering section declared the results of a recent round of elections which showed union moderates to be set to retain control of the 1.1m-strong union. Some key Left-wingers—particularly Mr Derek Robinson, the former BL Longbridge convenor — fared badly, and overall the left at best only maintained its poor position.

The left does not challenge the results, but it makes a number of charges against the running of the union's elections in an unsigned article in its journal for the union, Engineering Gazette. This is published by Mr Jock McPherson Quinn, a Left-wing member of the union's policy-making national committee, who has had serious disagreements, including court action, with the union's Right-wing leadership.

Questioning the belief it claims is held by many AUEW members that the union's postal ballot system is run on the same lines of impartiality as is expected of a general election, it states that the number of members on the electoral roll falls far short of the union's total membership.

The left claim that this point makes it almost impossible to operate one of the union's rules for the removal from office of the seven-man executive council, since this requires two-thirds of the total membership.

"It is also common knowledge that ballot papers are received by many people not entitled to them, and not received by members who are."

However, its most detailed complaints are against the mechanics of counting the posted votes, which, it says, raise "serious concern."

The journal makes it clear that the votes are counted at the union's London head office, rather than by the Electoral Reform Society which is favoured by some unions. It says the secrecy surrounding the vote count means that "there is, therefore, no procedural recourse to question the results of any elections."

Steel workers to meet BSC again

By Our Labour Staff

LEADERS OF the Iron and Steel Trades Confederation decided yesterday to meet the British Steel Corporation again today and tomorrow to seek further concessions on BSC's plan to make pay increases next year dependent on local agreements to shed up to 20,000 jobs.

ITN peace hopes fade

BY OUR LABOUR STAFF

HOPES OF a settlement to the new technology dispute at Independent Television News faded yesterday when technicians failed to respond to the company's offer of talks following a return to work.

About 250 members of the Association of Cinematograph, Television and Allied Technicians met to discuss the strike last night. However there were no indications of an early resumption of news broadcasts.

ITN reaffirmed yesterday that it was prepared to consider action on problems arising out of the introduction of new video machines, but the company refused to negotiate new terms for the use of the equipment.

Compositors take fourth place in earnings table

BY PHILIP BASSETT, LABOUR STAFF

ARP INCREASES in earns in the printing industry e pushed compositors and chine minders into the top places of male manual earns, according to the results of Government's New Earns Survey.

The results of the survey—of nings levels in April this ar—and in particular group rnings' placings against those another group, are frequently ed by union negotiators in esenting pay claims.

The 32,000 water and verage workers are among se making direct reference to ir place in the earnings gue who are bargaining now.

he survey shows no change he top, with earnings in the ing industry—deputies and workers—again taking first and third places respectively.

Such powerful groups as the tanker drivers enjoy higher average earnings than miners—under the 8.1 per cent just accepted by BP drivers their earnings will rise to £204, compared to the £157.82 faceworkers' figure which would result from the miners' present offer, which is subject to further negotiations today. But the occupational arrangement of the NES data places them with weaker groups

Pay increases in the printing industry have pushed compositors' earnings into fourth place in the "league table"—an increase of 19.8 per cent on matched samples of last year's results, when they were 16th.

Non-manual earnings' league placings have shown considerably less change.

NEW EARNINGS SURVEY

Overall average weekly earnings: £140.50 (Last year £124.50)

al	April 81	April 80	
lmining deputies	£189.40	£177.80	(1st)
mical process foremen	£170.00	£154.90	(2nd)
lface miners	£165.30	£153.60	(3rd)
npositors	£164.20	£132.00	(16th)
l erectors	£162.90	£141.80	(7th)
al pipes foremen	£160.80	£148.10	(5th)
trical installation foremen	£159,90	£150.00	(4th)
nsport foremen	£157.90	£125.10	(25th)
ting machine minders	£155.20	£131.20	(19th)
edores and dockers	£153.80	£146.50	(6th)
age manual	£121.90	£111.70	

Judge rules in favour of anti-poaching principle

INANCIAL TIMES REPORTER

ERNEST CHEALL, a rity officer employed by xhall, yesterday failed in High Court fight against ilsion from his union under ti-poaching" rules.

r Justice Bingham held there were "serious and tantial" practical argu-ts in favour of the rule ch allowed the Association Professional and Executive ical and Computer Staff to el a member in compliance a TUC disputes committee sion under the Bridlington eement anti-poaching prines.

ne Bridlington Agreement veen TUC affiliated unions the poaching of a union's members by another union. The judge said he found it impossible to conclude that the rule, written into TUC-afficiated union rule books, was contrary to public policy.

Mr Cheall, 61, had quit the Transport and General Workers Union and joined the white collar union Apex. But the *TUC disputes committee upheld* a complaint from the TGWU under the anti-poaching rules and directed Apex to expel him. Mr Cheall wanted to stay with Apex.

Mr Cheall claimed that his individual right to belong to the union of his choice should be upheld by the law. His expulsion, he contended, flouted the principles of natural justice.

BASE LENDING RATES

A.B.N. Bank .... 15 %	Grindlays Bank ....‡15 %
Allied Irish Bank ...... 15 %	■ Guinness Mahon ...... 15 %
American Express Bk. 15 %	■ Hambros Bank .... 15 %
Amro Bank .... 15 %	Heritable & Gen. Trust 15 %
Henry Ansbacher ...... 15 %	■ Hill Samuel ....§15 %
Arbuthnot Latham ... 15 %	C. Hoare & Co. ....†15 %
Associates Cap. Corp. 15 %	Hongkong & Shanghai 15 %
Banco de Bilbao ...... 15 %	Knowsley & Co. Ltd.... 15½%
BCCI .... 15 %	Lloyds Bank .... 15 %
Bank of Cyprus .... 15 %	Mallinhall Limited ... 15 %
Bank Street Sec. Ltd.... 18 %	Edward Manson & Co. 16 %
Bank of N.S.W. .... 15 %	Midland Bank .... 15 %
Banque Belge Ltd. ... 15½%	■ Samuel Montagu ...... 15 %
Banque du Rhone et de la Tamise S.A. 15½%	■ Morgan Grenfell ...... 15 %
Barclays Bank .... 15 %	National Westminster 15 %
Beneficial Trust Ltd. ... 16 %	Norwich General Trust 15 %
Bremar Holdings Ltd. 16 %	P. S. Refson & Co. ...... 15 %
Bristol & West Invest. 17 %	Roxburghe Guarantee... 15½%
Brit. Bank of Mid. East 15 %	E. S. Schwab .... 15 %
Brown Shipley .... 15 %	Slavenburg's Bank ... 15 %
Canada Perm't Trust... 15½%	Standard Chartered ...‖15 %
Cavendish G'ty T'st Ltd 15½%	Trade Dev. Bank ...... 15 %
Cayzer Ltd. .... 15 %	Trustee Savings Bank... 15 %
Cedar Holdings .... 15 %	TCB Ltd. .... 15 %
Charterhouse Japhet... 15 %	United Bank of Kuwait 15 %
Choulartons .... 16 %	Whiteaway Laidlaw ... 15½%
Citibank Savings ......¶15 %	Williams & Glyn's ... 15 %
Clydesdale Bank ...... 15 %	Wintrust Secs. Ltd. ... 15 %
C. E. Coates 15½%	Yorkshire Bank .... 15 %
Consolidated Credits... 15½%	■ Members of the Accepting Houses Committee.
Co-operative Bank ......*15 %	* 7-day deposits 13%. 1-month 13.25%. Short term £8,000/12 months 15.60%.
Corinthian Secs. ...... 15 %	† 7-day deposits on sums of £10,000 and under 13%, up to £50,000 13½% and over £50,000 14%.
The Cyprus Popular Bk. 15 %	‡ Call deposits £1,000 and over 13%.
Duncan Lawrie .... 15 %	
Eagil Trust .... 15 %	
E. T. Trust Limited ... 15½%	
First Nat. Fin. Corp.... 18 %	§ Demand deposits 13%.
First Nat. Secs. Ltd.... 18 %	‖ 21-day deposits over £1,000 14%.
Robert Fraser .... 15 %	¶ Mortgage base rate.

TECHNOLOGY

EDITED BY ALAN CANE

3D photography—is it a breakthrough or just a gimmick? ALAN CANE looks at the Nimslo camera

Esoteric art for the amateur

HOPING to confound the expert, I slid an aged Japanese stereoscopic print across the table to Jerry Nims, to compare with the latest snap from the Nimslo camera. The two pictures were superficially rather similar with the edge on quality certainly going to the Nimslo print.

Nims was, typically, unabashed. "Oh yes," he said. "I know that picture very well. It was one of a series we took when I was researching stereoscopic pictures for the Asahi group."

He went on to explain why a technological revolution separated the two prints.

Miniature

"This picture," he said, picking up the old snap, "is printed on cardboard. It is printed by graphic arts techniques involving colour separations. To take a picture like this, we used a massive specialised camera and a photographic team taking measurements of everything in sight. Even so, only five out of ten negatives were of any use.

"Printing on cardboard, a basically unstable material, and matching the printed image to the lenticular screen was a nightmare—we threw away more than we used. To be cost effective, we had to print 50,000 or more units in a run."

By comparison, the Nimslo camera, a small box about the size of one of today's miniature cameras, will cost about £100. Each print will cost in the region of 0.40p.

That encapsulates the Nimslo achievement. If the company can stick to its price forecasts and produce images as good as its samples in full processing production, it will have brought a form of photography, hitherto regarded as an esoteric professional art, within the range of the amateur photographer.

Whether that is what the amateur photographer wants is open to question. To my untutored eye, the Nimslo images are a novelty of which one tires quickly.

They are often uncomfortable to look at: vertical lines, particularly in the background appear as disturbing double images. The eye is diverted disconcertingly by apparent movement around the edges of the picture.

Nims shrugs off these criticisms: "We are at the stage now of early colour photography or the first Land instant pictures. What I need is substantial production runs to refine and develop the mechanics of the technique."

The Nimslo camera uses conventional 35mm colour film and has four lenses which produce four images of the scene simultaneously each about the size of a half frame negative. The camera is automatic with fixed focus and a programmed shutter set for correct exposure.

There is nothing remarkable about the camera—it simply provides four adequate negatives for processing. But to move from hand-made prototype to readiness for a production run at Timex in Scotland is a manufacturing achievement that should not be glossed over.

Processing and printing are where Nimslo has made its advance. The printer is controlled by a small computer of Nimslo's own design. It takes the colour negatives and optically slices them into strips about 1/6400th inch wide.

The print material—a very stable chemical—is faced with clear plastic on the surface of which are cut linear lenses about 1/200 inch wide.

According to Nims: "Eight images of each strip from each negative are integrated next to one another in four groups under each of the lenses so that the 32 strips are now under each micro lens in groups of eight." The result is the three-dimensional image.

Experts, such as Mr C. W. Smith of Stereo Image Techniques, agree this is about par for the stereophotography course. Nimslo points to a numbers of innovations:

- Partial solution to the problem of parallax. Objects appear to change position slightly depending on the viewpoint. Nimslo has developed a formula relating distance of camera from foreground to background, focal length of the lens, magnification ratio from negative to final print and the degree of displacement from vantage point to vantage point which produces a more life-like image.
- The development of chemicals tailormade for 3D photography. Nims says he has been working with chemicals, especially colour emulsions, designed for two-dimensional work.

Emulsion

Now, with the aid of researchers from 3M in Minneapolis, he is developing emulsions specifically for 3D work. He is also developing improved plastics for the lens materials and claims within five years he will have a material that can be rolled up or bound into a magazine.

"The emulsion in this system is bound to the optics—and now I'm mixing my own soups."

- The integration of all the elements of the system, from the camera to the electronic printer to provide what Nims describes as a "high-speed, electronic printing capability which is cost effective and which enables the image to be transferred through each step without distortion."

Already, several hundred Nimslo cameras are in private hands in the U.S., and the company claims to be encouraged by the reception. But a few hundred is a far cry from the thousands of systems that will have to be sold if Nimslo is to capture the 5 per cent or so of the market that it wants.

The acid test will come when the electronic processor printer system is tested at full stretch. The Nimslo promise is that it will bring 3D photography to everyone.

If it can process negatives effectively and provide acceptable prints at the right price it will have a remarkable achievement. If not, the Nimslo system will join the ranks of photography's abandoned novelties.

Ashley Ashwood

DR Jerry Nims reflects on his £100 3D camera.

Mains supply units

MAINS SUPPLY conditioners with fast automatic action have been introduced by Philips via Pye Unicam of Cambridge.

These units can deal with loads between 200 and 1500 volt-amperes to give a near-constant sinewave output regardless of variations in both the mains voltage or the load taken.

Reliability is the keynote of the units, which are claimed to have a mean time between failures in excess of 100,000 hours. The devices can be connected in parallel for greater loads and also in three phase circuits.

On a nominal 220 volt input the variation can be between 198 and 242 volts for an output variation not exceeding plus or minus 1 per cent (constant load of unity power factor).

For the 1500 volt amperes model a load change from zero to full load gives an output voltage change within the limits +2 per cent and —1 per cent. More on 0223 358866.

Two direction finding systems announced

TWO DIRECTION finding systems, one working at short wave and the other at VHF, have just been announced, the former by Rohde and Schwarz (01-397 8771) and the latter by Racal Decca Marine Radar (0734 782158).

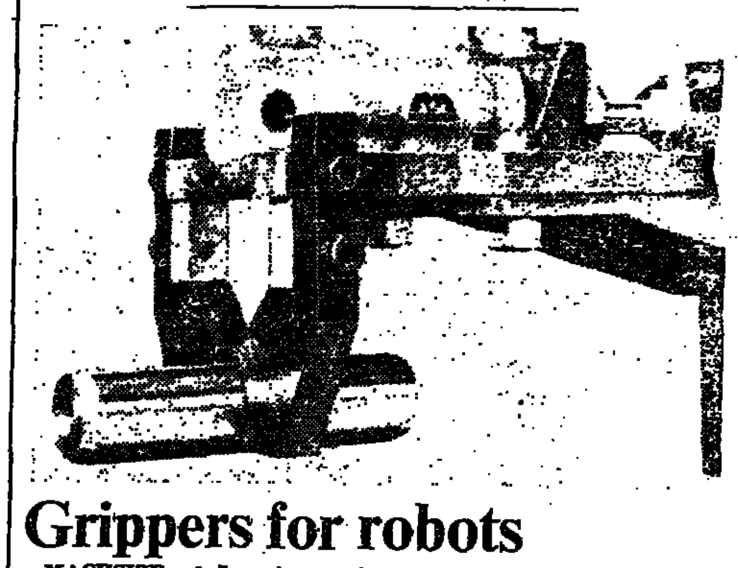
The system from the German-based company is easily set up, the aerial consisting of a number of tripod-mounted units disposed in a circle about a central reference aerial.

Able to operate over the 0.5 to 30 MHz range, the system uses Doppler techniques and yields a bearing error of less than plus or minus one degree.

Known as the PA010, the system employs microprocessor evaluation of bearings, is insensitive to the type of modulation on the transmission and has good selectivity. It can also be remotely controlled.

Also microprocessor based is a unit from Racal Decca Marine called Simrad TD-L1510, operating at VHF. It uses a lightweight four-element Adcock aerial and can be used at sea and on land.

Bearing is shown on a circular display unit using 36 light-emitting diodes. Channel number is also shown, as is signal level on an LED panel.



Grippers for robots

MACHSIZE of Leamington is now offering a design and manufacturing service for grippers for industrial robots. Measuring probes, tactile sensing and the supply of electronic equipment are other facets of the service. The company designed this gripper to hold gudgeon pins for an Electrolux MHU Senior robot. The pins are sorted into different sizes as part of an inspection service. Machsize is at Clarendon Avenue, Leamington (0926 312542)

Evaluation system for film reading

A PIECE of equipment called FRAMES—standing for film reading and measurement evaluation system—has been developed by Ferranti Cetec Graphics of Livingston, West Lothian (0506 411583).

It will find application wherever filming is used to determine quantitatively some kind of change (shape, dimensions, and other attributes) in an object.

Examples range from high speed filming of a car crash test to time lapse photography of growing plants.

Shot by shot, the films are projected on to a horizontal surface and digitised, the data being used by a computer to determine the changes between one frame and the next.

FRAMES has a cursor fitted with an opaque graticule incorporating cross hair markings. The image is projected on to the table and the points to be digitised are clearly visible on the opaque graticule and cross hairs.

As well as digitising each cursor position, the unit automatically advances the film, adjusts for different film sizes and adjusts for scale. Overhead projection equipment is supplied to suit customers' regular film use.

Phone coupler

AN ACOUSTIC coupler originally developed by Data Recognition of Reading for integration into its own data acquisition products is now to be made available on a general basis.

This battery-powered unit, model 570/i, is a standard CCITT V23 device available in briefcase or desk-top format. The batteries will provide 10 hours use continuously or use for about an hour a day over a fortnight.

The new unit is a full duplex 300 band acoustic coupler that can be used with any public or private telephone, whatever its location. It can be supplied with a mains option if required. More on 0734 664577.

GARDENS TODAY

Plants as Christmas presents

BY ROBIN LANE FOX

E weather continues to be ...d, no gardener will have time for pursuing this Christmas presents.

1975-1976 a similar spell ...t my June poppies into on Boxing Day. Early ... are already well into and there are more than ...ual autumn flowers on the ...ed polyanthus.

...aps we will all be able ...ck bouquets from the ... and leave the gift shops ...k after themselves. If not, ...ight like to think again ... plants as Christmas ...ts. Every year we swop ...nen, poinsettias and forced ...s with the happy abandon South Sea tribe. Few sur... to see another season.

... own best presents have ... hardy winter flowering ..., varieties which are still after 10 years or more, which open round Christ... to remind their receivers of ...st occasion. They are ... grown and placed. They ...lso cheaper.

... cannot imagine a finer ...nt than a plant of the ...r flowering cherry. This it is in its element. No ... has browned the cloud of ... flower along its bare ...ches, and if the weather ... a second crop will come ...igh and prolong the season March.

...ver a November passes ...out my mention of it. ...rever I go, it has followed ...ound, coming to rest in two ...rb standard trees which ... done something to rescue ...ugliest New College build... in modern Oxford. The ...nary form is still the best, ...d as prunus subhirtella ...mnalis. A major nursery Notcutts of Woodbridge ...olk, will sell you a tall standard or a semi standard tree, while also offering bushes for those with less space.

It is my first choice for a town garden's courtyard or for that shrubbery along the front boundary wall where a little more height and a pale flowered tree would light up the Berberis which you inherited with the property. Eventually this winter cherry becomes a tall tree but it will never swamp you if bought as a bush.

Winter Jasmin is an obvious winner so I will only remind you that it can be used very prettily as an arching, for the sort of banks which flank the front drive. It does not have to climb a wall and may well flower more freely if allowed to arch forwards without clipping. Mahonia Japonica is also familiar though over-priced, in my view, by garden centres who offer it in black polythene containers.

Remember that their favourite variety Charity does not have the scent of plain japonica and that the £6.00 local going rate is a steep price for this quick-growing evergreen which roots freely from a spring cutting, taken as a big chunk off its upper stems, complete with a full collar of its prickly leaves. By Christmas 1983 you would have presents of your own easy making.

No doubt you are looking for something more special, so I would alert you to a bright and recent form of Mahoni which few gardeners yet know. Lionel Fortescue commemorates its Devon breeder and bares upright spikes of strong butter-yellow flowers in early winter. Thankfully, it has lost none of japonica's scent, while shedding that slight tinge of pallor and greenness which stops its parent flowers from catching the eye. Hilliers of Winchester Hants, have a limited stock of it, but also list the recent Irish form called Winter Sun, a near equivalent.

I suspect that these hardy varieties will be al over our garden in the next 20 years. If you like strong yellow, jump the queue and surprise a shrub gardener with a present which he will have to pretend to recognise.

Similar gains can be made with my favourite winter evergreens, the skimmias. Most gardeners now know the sad facts of these shrubs' sex life. With one exception male and female flowers live on separate branches so you have to acknowledge polygamy and give your crowd of females a seat near a single male if they are to bear any of the family's glorious berries.

Experiment persuades me that the happiest match is a single Japonica Fragrans to a harem of the female variety Nymans. The man smells sweetly of lily of the valley, while his gropies in this form fall head over heels for his charms and cover themselves in big red fruits. One fragrans to four nymans would make a fair sexual balance, an evergreen menage which would raise so much more comment than spotted laurel in town gardens.

I am beginning to think it is a myth that these skimmias only flourish on acid or neutral soil. Mine are going strong after six years above the lime rubble of an old building. Semi shade and water are more urgent needs.

If shrubs are too much of a present, nobody would reject one of the special pot grown forms of the Winter Iris. Good nurseries now tend to list the tall flowered Walter Butt beside the ordinary unguicularis forms, those untidy but essential clumps of rushy leaves for the hottest and poorest soil beneath a south wall. The named sorts are worth the extra money as they flower even more freely. Plants of the deeper violet Mary Barnard should be snipped up on sight.

Again these named forms are not the usual choice of keen gardeners. I wish I could be given some more along with the striking form of common Honesty which shows white markings all over its green summer leaves. Best Chatto of Elmstead Market, Colchester, lists and shows this splendid new arrival, and easy Honesty for any cool soil. It matches its pale lilac flowers to a beautiful leaf and follows them up with the familiar white seed heads for Christmas.

Honesty finally reminds me of a Christmas present which readers once again are writing to request but which I have not, until now, been able to offer. Seven years ago, I compiled my book Variations on a Garden from past FT columns but its eventual dropping by the publishers after a good run does not seem to have stopped the demand for it.

In answer to kind inquirers I can offer it again at £7.25 posted and packed to you on application CWO to me at Beckley, Oxfordshire. Stocks as all FT readers know, are strictly limited these days, so I will be holding the usual ballot after closing date with the promise, however, that multiple orders will not be scaled down into fractions of a page or chapter.

FT COMMERCIAL LAW REPORTS

No trade monopoly in name of city

IN RE YORK TRAILER HOLDINGS LTD

House of Lords (Lord Wilberforce, Lord Fraser of Tullybelton, Lord Russell of Killowen, Lord Lowry, Lord Bridge of Harwich): November 19 1981.

WHERE A trader refuses to disclaim exclusive rights in a geographical name, his application for registration of a trade mark which includes that name can be refused by the Registrar of Trade Marks on the ground that there can be no monopoly of certain words, including some geographical words, which other members of the public might in the future desire to use in connection with other goods.

The House of Lords so held *when allowing an appeal by the* Registrar of Trade Marks from Mr Justice Graham's decision whereby he allowed an appeal by York Trailer Holdings Ltd *from the Registrar's refusal to* allow registration of a trade mark.

* * *

Section 10 of the Trade Marks Act 1938 provides: "(1) In order for a trade mark to be registrable in Part B of the register *it must be capable, in relation* to the goods in respect of which it is registered . . . of distinguishing goods with which the proprietor is or may be connected in the course of trade from goods in the case of which no such connection exists . . . (2) In determining whether a trade mark is capable of distinguishing as aforesaid the tribunal may have regard to the extent to which (a) the trade mark is inherently capable of distinguishing as aforesaid; and (b) by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact capable of distinguishing as aforesaid."

*

LORD WILBERFORCE said that the Registrar had refused York Trailer's application for registration of a trade mark unless it agreed to disclaim exclusive rights in the word "York." That it refused to do. The mark in question consisted of "YORK" in capital letters in white with a leaf, similar to a Maple leaf drawn inside the letter O, the whole being on a black rectilinear background.

York Trailer's parent company was a Canadian company, of York, Ontario. Neither the parent company nor York Trailer had any connection with the English city of York. The basis of the Registrar's decision was that it would not be right to allow York Trailer to monopolise the name of an important city for use in connection with its goods.

The evidence showed that York Trailer had used the mark on a substantial scale and over a long period. It was not disputed that in fact it was distinctive of goods used in connection with York Trailer and no one else, a situation commonly described as one of "100 per cent factual distinctiveness." The question of law was whether such 100 per cent factual distinctiveness entitled an applicant to registration in Part B of the Register of Trade Marks, or whether the Registrar had a discretion, in the interests of the public, to disallow the application. If the Registrar had such a discretion, no ground for interfering with his exercise of it had been shown.

The relevant law was contained in section 10 of the Trade Marks Act 1938, which dealt with registration in Part B of the register. The distinction between "inherently capable of distinguishing" in section 10 (2) (a), and "in fact capable of distinguishing" in section 10(2) (b), was relevant and crucial. In *Smith Kline and French Laboratories v Sterling Winthrop [1976] RPC 511*, Lord Diplock said at page 538, that it had long been held "upon grounds of public policy that a trader ought not to be allowed to obtain by registration under the Trade Marks Act a monopoly in what other traders may legitimately desire to use. The classic statement of this doctrine is to be found in the speech of Lord Parker in the *W and G case (1913) 30 RPC 660* at page 672 where he said that the right to registration 'should largely depend on whether other traders are likely, in the ordinary course of their business and without any improper motive, to desire to use the same mark, or some mark nearly resembling it, upon or in connection with their own goods'."

*

That reasoning must be applied to "inherently capable of distinguishing" in section 10(2)(a). Those words meant, in effect, "capable in law." The relevant law was that, in relation to certain words, of which some geographical names were established examples, traders could not obtain a monopoly in the use of words, however distinctive they were, to the detriment of members of the public who, in the future, and in connection with other goods, might desire to use them. That principle had been firmly laid down, in relation to geographical words in particular, by a strong current of authority.

In *Liverpool Electric Cables Co Ltd's Application (1929) 46 RPC 99* the applicants sought to register "Liverpool Cables" for electric cables, that mark being accepted as distinctive of the applicant's goods. In relation to "capable," Lord Hanworth said, ". . . when you come to regard the rights of the public at large, the traders at Liverpool and the like, it appears to me that the Registrar would be quite right in holding that a word of that importance and significance ought not to be used or allowed to be treated as a word capable of distinguishing, because it has not merely to be capable in fact but it must be capable in law." Distinctiveness in fact was therefore not conclusive.

*

That decision had since been approved in the House of Lords in *A Bailey and Co Ltd v Clark, Son and Morland Ltd (1938) 55 RPC 253*, and in *Yorkshire Copper Works Ltd's Application (1954) 71 RPC 150*. In the present case Mr Justice Graham had departed from the authorities on the basis of two main arguments. *First, he drew support from "Weldmesh" Trade Mark [1966] RPC 220*, where it was suggested that distinctiveness in fact was enough to establish inherent capability to distinguish. That case was not directly concerned with registration in Part B, and any observations could not have been intended as an analysis of section 10. If they were, they were inconsistent with the Liverpool case and were wrong.

Secondly, he argued that registration in Part B could be accepted because it could be removed at any time after registration, and other potential traders would therefore not be prejudiced. In that he fell into error. There was no provision in the Act, either with regard to Part A or to Part B, for removal of a mark for the reason that, through a change of circumstances, it no longer qualified for registration. The difference between Part A and Part B was that, in respect of the latter, the original registration could be attacked, even after seven years. That was a difference which did not support Mr Justice Graham's judgment.

The Registrar's decision against allowing the application to proceed was based on a correct application of authority, with which his Lordship was wholly in agreement. The appeal should be allowed.

Lord Fraser, Lord Russell, Lord Lowry and Lord Bridge agreed.

For the Registrar: Robin Jacob QC and Michael Fysh (Treasury Solicitor)

For York Trailer: Christopher Morcom and Malcolm Chapple (Woodham Smith, agents for Lucson, Coppock and Hart, Manchester)

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

TOP class racing returns today to one of the north's premier jumping tracks, Haydock, with a card which boasts the Edward Hanmer Memorial Chase. In it Night Nurse will attempt to give 2 lbs to his adversary Silver Buck and 4 lbs to Ireland's Royal Bond.

If, as reports suggest, Silver Buck is fully over the blood disorder which temporarily disrupted Dickinson's campaign, he will be extremely hard to take back as he attempts to win this race for a third year in a row. The Silver Cloud gelding had a simple task in last year's Edward Hanmer. He was one of the worst sufferers from the blood disorder early this month as his dismal showing at Chepstow proved.

Silver Buck had no top class rival in opposition for the 1980 renewal and made light of his task in contrast to a year earlier when he had to overcome Night Nurse. Travelling well throughout, he disposed of Havanus without being asked a serious question. Royal Mail, in need of the run, took third place, ten lengths further back.

Night Nurse, who might have overhauled Silver Buck in last season's King George VI Chase but for blundering away his chance at the last, gained his revenge at Cheltenham in March when separating his stable companion, Little Owl and Silver Buck.

Royal Bond, rated by many astute Irish judges a chaser who might one day revive memories of Arkle, has not quite fulfilled expectations. He might now be considered the best of the Irish three milers but for a blunder at the 18th in last season's Cheltenham Gold Cup.

Silver Buck's speed in the air over these formidable fences may again carry the day in what promises to be a fascinating technical confrontation. He can notch his fourth course victory by giving 4 lbs to his less experienced Irish rival.

Christmas Greeting is taken to maintain the Easterby-Brown grip on the Sporting Chronicle Handicap Book Northern Hurdle.

HAYDOCK
2.00—Silver Buck**
2.30—Christmas Greeting***
3.00—My Buck*

TELEVISION

Chris Dunkley: Tonight's Choice

Wednesday is still the ideal night for going to the cinema or, if you have to stay in, listening to the radio. Not one of our three television channels has a schedule which rises more than momentarily above the mediocre. On BBC1 **Love Story** is yet another World War 1 romance which fades to insignificance when compared to "Testament Of Youth," and **Sportsnight** features soccer and boxing. (A spark of interest here: Tony Sibson who knocked out Alan Minter can be seen fighting Nicola Cirelli for the European Middleweight Championship last night).

BBC2 offers an "Arena" repeat about the "Lambeth Walk" man, **The Return Of Lupino Lane**; a look at furniture, early colour photography and model steam engines in **Collecting Now**; a repeat of the **Strangeways** episode dealing with the prison's punishment block; *M.A.S.H. which has outstayed its welcome;* and **The Borgias** which is so awful it isn't even funny.

ITV is worse still. Their best offer is **Diamonds**, the story of a family busines which makes "The Brothers" look profound.

BBC 1

...05 am For Schools, Colleges. ...0 You And Me. 10.15 For ...ools, Colleges. 12.30 pm News ...er Noon. 1.00 Pebble Mill At ... 1.45 Fingerbobs. 2.01-3.00 ...r Schools, Colleges. 3.15 Songs ... Praise. 3.53 Regional News for ...gland (except London). 3.55 ...ay School. 4.20 Undercover ...phant. 4.25 Jackanory. 4.40 ...e Record Breakers with Roy ...stie and Norris McWhirter. ... John Craven's Newsround. ... God's Wonderful Railway. ...40 News. ...00 Nationwide (London and South East only). ...5 Nationwide. ...0 Wednesday Film: "Blindfold," starring Rock Hudson and Claudia Cardinale. ...30 Love Story: Wilfred and Eileen. ...0 A Party Political Broadcast by the Labour Party. ...10 News. ...35 Sportsnight, featuring Football, Boxing and The Daily Express National Five-a-Side Football Championship. ...13 News Headlines. ...15 Michael Parkinson and his midweek guests.

BBC 2

10.20 am Gharbar.
11.00 Play School.
3.55 pm One Man and his Dog.
4.35 Young Musicians 1980.
4.40 Vikings.
5.10 The Flying Boats.
5.40 The Five Faces of Doctor Who.
6.05 Grange Hill.
6.30 Life on Earth.
7.25 News Summary.
7.30 The Return of Lupino Lane.
7.50 Collecting Now.
8.20 Strangeways.
9.00 M*A*S*H.
9.25 The Borgias.
10.20 Grapevine.
10.50 Party Political Broadcast by the Labour Party.
11.00-11.50 Newsnight.

LONDON

9.30 Schools Programmes. 12.00 The Munch Bunch. 12.10 pm *Rainbow.* *12.30 Turning Point.* 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Armchair Thriller. 2.00 After Noon Plus presented by Mary Parkinson and Kay Avila. 2.45 Charlie's Angels. 3.45 Emmerdale Farm. 4.15 Bear for Punishment. 4.20 Country Camera. 4.45 Fanfare for Young Musicians introduced by Melvyn Tan. Alan Civil, Barbara Dickson and Raphael Wallfisch are the judges. 5.15 Take the Stage.

5.45 News.
6.00 Thames News.
6.25 Help.
6.35 Crossroads.
7.00 *This Is Your Life.*
7.30 Coronation Street.
8.00 Starburst.
9.00 Diamonds.
10.00 Party Political Broadcast by the Labour Party.
10.10 News.
10.40 "The Devil's Rain," starring William Shatner.
12.15 am Close: "Sit Up And Listen."

† Indicates programme in black and white

... IBA Regions as London ...cept at the following times:

ANGLIA
...0 pm Anglia News. 2.45 Strumpet ... 6.00 About Anglia. 12.15 am The *Question.*

ATV
...0 pm ATV News. 2.45 Tenspeed ...Brown Shoe. 5.15 Survival. 6.00 News. 6.05 Crossroads. 6.30 ATV ...y.

BORDER
...20 pm Border News. 2.45 Strumpet ... 5.15 Out of Town with Jack ...greaves. 6.00 Lookaround Wednes... 12.15 am Border News Summary.

CHANNEL
...20 pm Channel Lunchtime News. ...at's On Where and Weather. 2.45 ...umpet City. 6.00 Channel Report. 10.00 A Chance to Meet . . . Brian Rix. 10.38 Channel Late News. 12.15 am Epilogue followed by News and Weather in French.

GRAMPIAN
9.25 am First Thing. 1.20 pm North News. 2.45 Strumpet City. 6.00 North Tonight. 12.15 am *North Headlines.*

GRANADA
1.20 pm Granada Reports. 2.00 Live from Two. 2.45 Bracken. 5.15 The Adventures of Black Beauty. 6.00 *Granada Reports. 6.25 This Is Your* Right.

HTV
1.20 pm HTV News. 2.45 Strumpet City. 5.10 Ask Oscar! 5.20 Crossroads. 6.00 Report West. 6.30 Benson. 10.38 HTV News.
HTV CYMRU/WALES—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.45 Goglis. 5.10-5.20 Dick Tracy. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Tafl Acre.

SCOTTISH
1.20 pm News and Road and Weather. 2.45 Strumpet City. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 World Worth Keeping. 12.15 am Late Call.

SOUTHERN
1.20 pm Southern News. 2.00 Houseparty. 2.25 The Amazing Years of Cinema. 2.45 Charlie's Angels. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 Mork and Mindy.

TYNE TEES
9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News. 1.25 Where the Jobs are. 2.45 Strumpet City. 5.15 Mork and Mindy. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.40 North East News. 12.15 am The Three Faces of God.

ULSTER
1.20 pm Lunchtime. 2.45 Strumpet City. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good *Evening Ulster. 10.39 Ulster Weather.* 12.15 am Bedtime.

WESTWARD
12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 *Strumpet City. 6.00 Westward Diary.* 10.42 Westward Late News. 12.15 am Faith for Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE
1.20 pm Calendar News. 2.45 *Strumpet City.* 3.45 The Entertainers. 5.15 Emmerdale Farm. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO

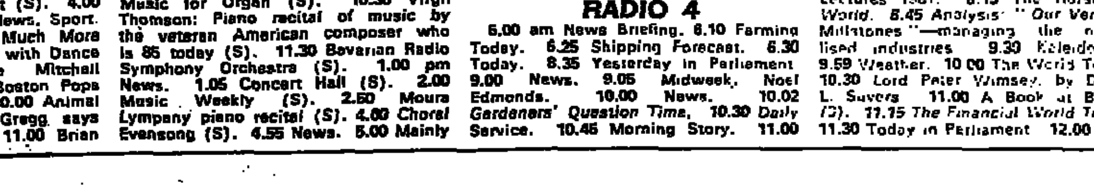
(S) Stereophonic broadcast
‡ Medium Wave only

RADIO 1
...00 am As Radio 2. 7.00 Mike ...d. 9.00 Simon Bates. 11.30 Dave Travis. 2.00 pm Paul Burnett. ... Steve Wright. 5.00 Peter Powell. ... Radio 1 Mailbag. 8.00 David ...isen. 10.00-12.00 John Peel (S).

RADIO 2
...00 am Ray Moore (S). 7.30 Terry ...gan (S). 10.00 Jimmy Young (S). ...2 pm Sports Desk. 12.03 John ...on (S). 2.00 Ed Stewart (S). 4.00 ...nd Hamilton (S). 5.45 News, Sport. ...3 Don Durbridge with Much More ... Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composer: Malcolm Williamson (S). 10.00 Music for Organ (S). 10.30 Virgil Thomson: Piano recital of music by the veteran American composer who is 85 today (S). 11.30 Bavarian Radio ... for Pleasure (S). 7.00 Medium and Message: Understanding McLuhan. 7.45 Images Oubliees: Piano music by Debussy (S). 8.00 Music of Eight Decades from the Royal Festival Hall, London, part 1: Webern, Boulez (S). 8.25 Six Continents. 8.45 Concert part 2: Boulez (S). 10.05 The Year 1906. 11.00 News. 11.05-11.15 Mstislav Rostropovich (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 ... News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 A Walk in the Dark. 12.55 Weather. Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Memories of a Slate Quarryman. 4.00 Priestland's Progress (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.15 Scarman Special. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lectures 1981. 8.15 The Horseman's World. 8.45 Analysis: "Our Very Own Milestones"—managing the nationalised industries. 9.30 Kaleidoscope. ...



COMPANY NOTICES

HAMBROS LIMITED
US$24,000,000 9½% 1970/1985 Bonds

Notice is hereby given that the redemption of US$1,800,000 due on December 15, 1981 has been effected by purchase.
Amount outstanding: US$10,200,000
Outstanding drawn Bonds: S575—14840—15718—17113—23323.

Principal Paying Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg
November 24, 1981

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the eighty-sixth annual general meeting of Transvaal Consolidated Land and Exploration Company, Limited will be held in the *auditorium, lower ground floor*, 63 Fox Street, Johannesburg on Thursday, 14th January 1982 at 11h00 for the following business:

1. To receive the audited annual financial statements and group annual financial statements for the year ended 30th September 1981.
2. To elect *directors* in accordance with the provisions of the company's articles of association;
3. To place the unissued shares under the control of the directors in terms of the Companies Act, 1973, as amended.

For the purpose of determining those members entitled to attend and vote at the meeting, the register of members of the company will be closed from 8th to 14th January 1982, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on a poll and speak and act in his stead. A proxy need not be a member of the company.

A proxy form will be sent to a member on request to either the transfer secretaries in Johannesburg or the United Kingdom secretaries. Attention is drawn to the fact that, if it is to be effective, a completed proxy form must reach the transfer secretaries in Johannesburg or the United Kingdom registrars and transfer agents at *least forty-eight hours before the time* appointed for the holding of the meeting.

The holder of a share warrant to bearer who desires to be represented at the meeting must produce his share warrant or a certificate of his holding from a banker or other approved person at the bearer reception office of the United Kingdom registrars and transfer agents, at least five days before the date appointed for the holding of the meeting, and shall otherwise comply with the "Conditions governing share warrants" currently in force. ...

By order of the Board,
RAND MINES LIMITED
Secretaries

Office of the London Secretaries
Charter Consolidated Ltd.
40 Holborn Viaduct
EC1P 1AJ

Office of the United Kingdom Registrars and Transfer Agents:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent,
TN24 8EQ.

11th November 1981.

AMERICAN EXPRESS COMPANY
(CDRs)

The undersigned announces that as *from 3rd December 1981 at Kas-Associatie N.V.*, Spuistraat 172, Amsterdam, div. cp. no 14 of the CDRs American Express Company, each repr. 5 shares, will be payable with Dfls 5.20 net (div. per record-date 10.9.1981; gross 40.50 p sh.) after deduction of 15%, USA tax = *$0.3750 = Dfls. 0.92 per CDR.*
Div. cps. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15%, USA tax (= $0.3750 = Dfls. 0.92) with Dfls. 4.28 net.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam,
18th November 1981.

C. ITOH & COMPANY LTD.
ANNOUNCE THE FOLLOWING.

1. It has been determined at a Board Meeting held on 19th November, 1981, that the interim dividend for the year ended 31st March, 1982, shall be paid to shareholders of record as of 30th September, 1981, at the rate of 2.5 Yen per Share on and after 15th December, 1981.
2. Semi-annual Report for six months ended 30th September, 1981, will be available at Hambros Bank Limited and Banque Internationale a Luxembourg *by the end of December, 1981.*

PUBLIC NOTICES

London Borough of
HOUNSLOW
Variable Rate Stock 1982

For the six months from 25th November, 1981 to 25th May, 1982 the interest rate on the above stock will be 15.4375% per annum

Midland Bank Limited
Registrars

THE BRITISH POLIO FELLOWSHIP
Bell Close, West End Road, Ruislip, Middlesex HA4 6LP
(The Infantile Paralysis Fellowship, registered as a charity in accordance with the National Assistance Act 1948)

As required by the Regulations governing Permits, the Fellowship announces the results of its Flag Days and House-to-House Collections in July and October 1981 as follows:

Metropolitan Police Area—	
Income	19,009.51
Expenses	1,081.73
Net	£17,927.78
City of London Police Area—	
Income	3,979.80
Expenses	291.69
Net	£3,687.11

The British Polio Fellowship records its grateful thanks to the public for their generous support and its appreciation of all collectors who made these voluntary efforts possible.

THEATRES

VAUDEVILLE. S. CC. 01-836 9988. ... VICTORIA PALACE. CC. 01-828 4735-6. ... WAREHOUSE. Donmar Theatre, Earlham St., Covent Garden. ... ROYAL SHAKESPEARE COMPANY. ...

LEGAL NOTICES

TO ALL WHOM IT MAY CONCERN:
WE DAVID JOHN DU CANN of The Grange House, High Street, Ketton and DOUGLAS MICHAEL HARRISON of 5 Regal Close, Kings Road, Ealing, London W5 having for the last 6 months carried on the trade or calling of Restaurateur and Chartered Accountant respectively DO HEREBY GIVE YOU NOTICE that it is our intention to apply at the Licensing Transfer Sessions for the said District to be held at The Town Hall Leicester, on Thursday, the 10th day of December next for the grant to us of a Justices Licence authorising us to sell by retail intoxicating liquor of all descriptions subject to the conditions hereinafter provided for consumption either on or off the premises situate at the Basement Floor, Du Cann's Wine Bar, 29 Market Street, Leicester and known by the sign of "Du Cann's Cellar Restaurant" of *which premises, L R P (Investments)* Limited of 3 Wycliffe Street, Leicester are the owners

AND it is our intention to apply to the Justices to insert in such Justices Licence the conditions required for it to be granted as a Restaurant Licence.

AND FURTHER TAKE NOTICE that it is our intention to ask the Licensing Justices to insert a condition in such *Licence restricting the Licence to the* sale of wine and spirits only.

GIVEN under our hands this 6th day of November 1981.

Signed: OWSTON & CO
23 Friar Lane, Leicester
Solicitors and Authorised Agents for the said D. J. Du Cann and D. M. Harrison

THE COMPANIES ACTS 1948 to 1980

NOTICE TO CREDITORS

WELGRANGE LIMITED
(Creditors' Voluntary Winding Up)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 7th day of December 1981, to send their names and addresses, with particulars of their debts or claims, to the undersigned
ANTHONY NEWTON,
of Box 2A, Eagle Star House,
29-36 Carver Street,
Sheffield S1 4FS,
the Liquidator of the Company: and if so required by notice in writing from the said Liquidator either personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice and in default thereof, they will be excluded from the benefit of any distribution made before such debts are proven.

Dated this 16th day of November 1981.

A. NEWTON, Liquidator

No. 002964 of 1981
In the HIGH COURT OF JUSTICE Chancery Division. Mr Justice Vinelott In the Matter of THE SAMPANG (JAVA) RUBBER PLANTATIONS, p.l.c. and in the Matter of The Companies Act 1948

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 16th November 1981 confirming the reduction of the capital of the above-named Company from £264,750 to £210,000 and the Minute approved by the Court showing with respect to the Capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 20th November 1981.

Dated this 25th day of November, 1981.

ASHURST MORRIS CRISP & CO.
Broadgate House,
7 Eldon Street,
London EC2M 7HD.
Solicitors of the above-named Company.

CONTRACTS AND TENDERS

FIJI ELECTRICITY AUTHORITY

33 kV SUBTRANSMISSION
5 MVA TRANSFORMER

The Fiji Electricity Authority (FEA) proposes to issue tender documents ... Tenders will be officially opened at the offices of the FEA in Lautoka at 1500 hours on 4 January 1982. ...

ART GALLERIES

ALLANS GALLERY. Probably the only Gallery in London devoted entirely to the Textile Art. Hand embroidered silk pictures for giving and collecting from £2 to £2,500. On the lower ground floor of ALLANS famous silk shop at 56-58, Duke Street, Grosvenor Square, London W1. ...

When survival depends on a quality product

Christopher Lorenz on how some companies have been able to offset the worst of economic recession

A CLUTCH of Mrs Thatcher's most senior ministers must have slept unusually well last night. In place of their usual nightmares about the state of UK industry and the economy, they had good cause proudly to dream of tales of British derring-do in the face of the massed hordes of Germany and Japan.

Rather than some stirring exploit by the Iron Lady, it is four down-to-earth industrial companies that they have to thank for their brief respite from the daily diet of rising inflation, soaring unemployment, and unstable sterling.

Along with over 150 other delegates from government, industry and academia, the secretaries of state spent a few stimulating hours late yesterday afternoon in London hearing the heads of Baker Perkins, Clarks Shoes, JCB Excavators, and Standard Telephones and Cables explain how they have overcome many of the disadvantages of a high pound, fast-rising labour costs, low growth in international markets and rampant international competition.

The message from all four, as if with one voice, was "we improved the quality of our products by better management, particularly through more effective design."

None of them would pretend that moving up-market is any guarantee against the national pain of falling profits and cutbacks in jobs—Baker Perkins, for one, has been suffering a severe profits squeeze for over two years, and only two days ago Clarks announced a new spate of redundancies.

But they are all utterly convinced that the high quality of their products has given them extra resilience in the current economic climate; in the shoe business, for example, the entire industry is now being advised to follow Clark's lead into new technology and more elevated segments of the market. And many machinery makers would give their eye teeth to be in Baker Perkins' competitive position.

Defects

As a drum-banging exercise, there is little questioning the virtue of yesterday's meeting, which was organised by the National Economic Development Council as part of a drive to educate industry and government into the unfashionable (though obvious) view that a range of so-called "non-price factors" plays a crucial role in international trade. But one might wonder why the speakers at worthy events of this nature always seem to be drawn from the same old short-list of the corporate "great and the good."

Are there still really so few British companies that have realised what the Japanese and (especially) the West Germans and Swiss have known for decades: that price plays only a limited part in international competitiveness, especially for engineering products, and that all the elements of "quality"—including design, reliability, safety and service — count for just as much or even more in the minds of many customers?

How else could the West Germans and Swiss run export surpluses for years, despite the fact that their prices were generally higher than most of their competitors (the exceptions, according to Baker Perkins, include biscuit machinery). Why else do the Japanese electronics manufacturers measure component defects in "parts per million," in place of the usual western "percentage"?

To judge from Britain's trade statistics, the answer is that the four companies at yesterday's meeting are indeed still exceptional. Analyses of value-to-weight ratios suggest that the level of sophistication of UK exports has been falling for some years, while that of imports has been rising.

This apparent British move down-market has come at a time when consultants and governments all over the developed world have been counselling industry to move up-market to cope with the combination of low growth and explosive competition from Japan and the newly industrialising countries like South Korea and Taiwan.

This British myopia is losing quality-minded customers by the million, and sales by the billion. But it is only one aspect of the cost of industry's inadequate emphasis on quality. To it must be added the cost of scrap and defects in the production process, which has been estimated by various studies at above 10 per cent of the turnover of UK manufacturing industry—a cost penalty of considerably more than £10bn.

As part of their quality management programmes, all four companies have made considerable efforts to reduce the rate of scrap and defects.

The picture painted by each of them was decidedly dramatic:

- **Baker Perkins**, confident that, by avoiding the notorious "swing syndrome" (see illustration, and explanation below), "we can continue to win against our world competitors—mainly West German—despite a 35 per cent uncompetitive edge" (Michael Smith, chairman and managing director of its main operating company).
- Clarks, competing through quality and design "with overseas suppliers whose labour costs may be less than 8 per cent of ours" (Lance Clark, managing director).
- JCB, "cutting costs and also improving quality" (a double act which many companies would consider contradictory), in order to frustrate the plan of a much larger U.S.-based multinational "to price us out of business in a few years" (Gilbert Johnston, chief executive).
- STC, dedicated to the market-geared commitment that "quality equals customer satisfaction," rather than the traditional production-minded attitude that "quality equals conformance to specification" (Sir Kenneth Corfield, chairman and managing director).

Sir Kenneth's paper was particularly notable for its discussion of the currently fashionable "quality circles"—a phenomenon which featured in almost every presentation yesterday—and for its admission of the shortcomings of the much-publicised "Zero Defects" programme which his parent company, ITT, introduced in the late 1960s and 1970s.

In contrast, Sir Kenneth saw quality circles as "an exciting step forward." These small groups of employees, led by their foreman or supervisor and tackling problems together within their own area, offer many advantages in addition to the improvement of quality, he said. Among them were "the development of people, the humanisation of repetitive jobs, improved communication, improved involvement and commitment, the permanent solution of problems, and (not least) product improvement."

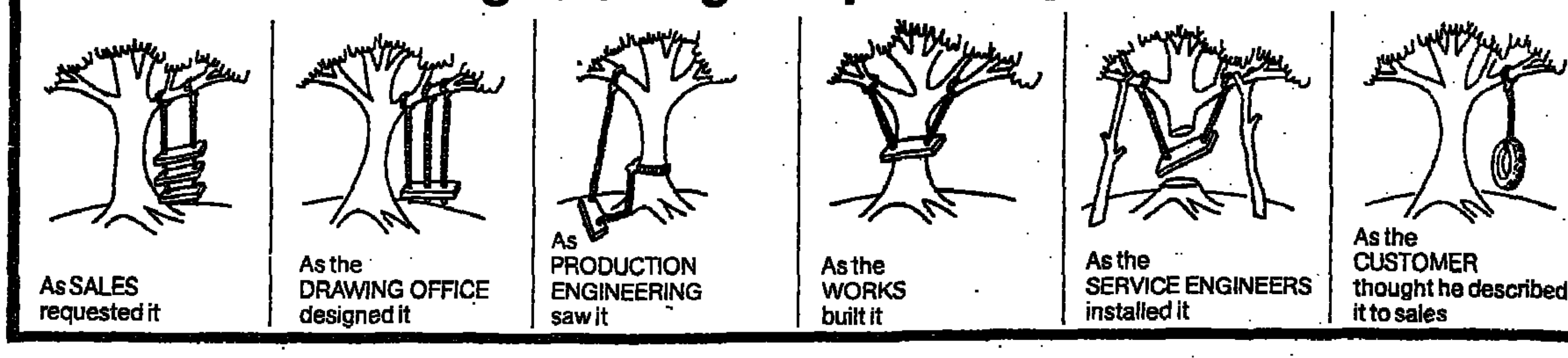
By devoting a good part of his time to quality circles, Sir Kenneth laid himself open to the accusation of promoting a fashion which has swept across the UK (and U.S.) over the past two years and is beginning to be applied in a dangerously over-simplified form by some companies. In a few cases, it is almost as if managements see quality circles as an easy cure-all for the whole range of quality problems, without management itself taking any action.

But, in contrast with some of yesterday's other quality circle enthusiasts (including trade unionists as well as businessmen), Sir Kenneth did make a special point of setting circles in the broader context of quality management in general, including the entire design process. He warned that they represented "a serious undertaking, requiring commitment in depth, not least by top management." They were "not a plaything for amateurs," he emphasised.

STC's various methods of improving quality are certainly impressive. But it was Baker Perkins which stole yesterday's show (or took the biscuit) for the sheer drama of its story, and the clarity of its telling. Michael Smith—or his speech writer—has an admirable ability to tell a gripping yarn of British bravado and achievement. Not even the most tired and unemotional government minister will quickly forget it. Edited extracts appear below.

A series of Management Page articles on Product Quality and Quality Circles, which was published earlier this year, is available as a booklet under the title of "Learning from the Japanese." From Diana Twaites, FT Publicity Department. Price £2 including p and p. Payment to be included with order.

How not to design a swing: the perils of poor coordination



BOARDROOM BALLADS
CORPORATE PRAYING

Bless us, please, and help us live,
Like every good executive,
A life more selflessly inclined
To what is in our chairman's mind:
And may it be Thy wish, and his,
To tell us what his thinking is,
The way it was when we began,
Before we had the corporate plan.

★

Help Thy servants on the board
Understand his words, O Lord,
Since he changed his erstwhile manners,
And joined the Long Range Corporate Planners:
And if he needs must bore the pants off
All of us with Igor Ansoff,
Help us understand the charts—
Even the synergetic parts.

★

Help us share his new perspectives,
That strategies are not objectives;
And, through Thy goodness, cross the ditch
To know more clearly which is which:
And, by Thy mercy which begat us,
Show us why it really matters,
In the name of Him who knows
All about scenarios.

Give us, Father, if you please,
Purer methodologies:
And tempt us not towards decisions
Without a further few revisions,
At interminable lengths,
Of our weaknesses and strengths,
Let need for action not deflect us
From codifying all our vectors.

★

Grant, in answer to our prayers,
Thicker strategies than theirs,
Who, in their blind unwisdom, chase
Profits in the market place,
Without a contemplative look
At what is in the corporate book,
Let their successes not distract us
From listing our external factors.

★

Help us keep our corporate eyes on
Some appropriate horizon,
Far from all the symptomatic
Signs of anything pragmatic;
Defend us, always, through our prayers,
From acting like entrepreneurs,
And from the uninformed who said
That, in the longer-term—we're dead.

Bertie Ramsbottom

NEXT WEDNESDAY: THE WOMAN ON THE BOARD

How Baker Perkins took the biscuit

BAKER PERKINS' traditional biscuit cutting machine was very much geared to the domestic market: heavy and of solid construction. It was only occasionally sold overseas.

Now the company has a range of products which, despite being more expensive than those of some of its competitors, has gained a competitive edge in international markets because of its superior performance. Its market share is growing, and its margins are improving. "We are beginning to see a way of becoming the master and not the slave of the market and of the product."

Thus said Michael Smith, chairman and managing director of the company at yesterday's NEDC meeting.

To enforce the company's "golden rule" that "the product, not the organisation is paramount—and we all serve the product," product management teams were created to bring marketing, engineering, finance and manufacturing together to define and execute a product plan.

"We gave the industrial designer a much greater role as the product planner at a very early stage in the product life cycle," said Smith. "He no longer designed pretty guards to wrap our products in, but became the translator, the bridge, the catalyst. He turned the marketing specification of the product into reality before the design, the materials or the manufacturing methods had been established.

"We now had a product range suitable for a world market place with product quality the known responsibility of all the people involved. We had brought the market place into the factory. Product quality had beforehand probably had most to do with the field engineers who kept dark secrets because no-one else wished to know.

"Without this organisation you would have the cautionary tale of the swing," Smith warned.

After several years of painful learning we had arrived at: (a) a well defined market; (b) a well defined product; (c) an organisation tuned to respond to the market place."

But the company had a price disadvantage growing daily against West German competition.

"However, we saw hope for the future in terms of obtaining margin and/or reducing cost by assessing product quality more carefully still.

"We saw three basic methods:

- **Disguise**

"The same basic product can be tuned to different pitches. A variety of widths and speeds can be offered to suit different market places. Product quality equals appropriateness. What was once a problem of proliferation to us has now become a bonus. By modular design many options can readily be offered without lengthening delivery or over-stocking.

- **Technological development**

"Demand for higher speed led to the development of rotary cutting, an old idea resurrected.

This apparatus by one set of customers can be seen as simple, low cost, low maintenance: by another set of customers the very same apparatus is seen as quiet, high speed, precise.

- **Innovation of product and of manufacturing technique.**

"This is the most exciting prospect for improving our competitive edge," said Smith. The rotary cutting rolls were made "expensively, not as precisely as we would have cared, and (it) took too long to deliver them. We gave the business to our competitors.

Human

"We now make them accurately and less expensively and speedily. We have taken a business plan of the opportunity, set the target of product quality in terms of accuracy and speed of delivery, offered a competitive price, all by means of combining the benefits of CAD/CAM (computer aided design and manufacture) with a numerically controlled high-speed milling machine. This is where quality in house and quality in the market place come together."

The—inevitably complex—human element in this tale of derring-do was not discussed in detail by Smith. But he did emphasise that "quality depends on people—on what they do and how they do it." He continued: "We saw that we had to respect the needs of our people, to tell them what we were trying to achieve and seek their help to do it. We sought the help of the trades union, the staff and the management to explain new technologies, to create the right environment and to set up the right training programmes. Amove all, we tried hard to establish an open, participative style of management."

Since by no means all British engineering companies have adopted a Baker Perkins type of approach to product design, one can only conclude that Smith considers that many of them are still suffering from the "swing syndrome," not to speak of all the other lethal effects of paying inadequate attention to quality and design.

THE ARTS

rehouse

Hansel & Gretel

by ROSALIND CARNE

rown-ups in the guise of iren are unfailingly rbing. When childish gery loses the comforting ion of a separate, safer t world, then life hovers etually on the edge of tmare. It would be wrong paint an over-traumatic ure of David Rudkin's ding modernisation of the m story. His play is as orous as it is horrifying. the black mood prevails, ing at the vulnerable e-ends of the unconscious. er-14s would perhaps find sier to cope with.

n old trunk, an armchair uised as a wrecked car and boy-sized cage in burnt coal dominate Chris Dyer's nanent set. Objects are ely significant—a rotating stone for the Witch's e, an electric blender, a ister micro-wave oven (The gramme gives special thanks Lynda McLean, cookery sultant). Detritus litters the ng space — old bones, died and hung with strips flesh. Poor Gretel is end- ly sweeping, never quite ring up the mess.

Most variations on the ginal are stylistic and inter- tative. Only one of the ents is cruel — the step- ther, who even turns out to e a surprising relationship Brenda Bruce's saucy Witch black boots. There is little the crone about her — ightly, witty, with a deli- us sense of cruel irony. She a woman of many parts — by y in sensible mufti and straw t, she is cosy Granny Dora o casts her spell on the pless Gretel. She even takes part in a school speech day looking like Lady Bracknell, lecturing the audience on the dangers of terrifying the kiddies with nasty fairy stories. With her endless meeting and congresses, her anti-rape spray and her theory of young male succulence, there is no doubt where the author aims his satire.

Extra characters fill out the tale. There is Olive, the faceless daughter; Mum sliced off her face by mistake one night, thinking it belonged to someone else. Goodness is a male prerogative, even Gretel has a cruel streak. The Sandman, the Witch's enemy is finally liquidated and the sweet-natured pig-faced servant Mordred does not last long either.

The company revel in the richly varied script, leaping from abuse to parlour talk to social comment and verse. The author even dares a lengthy pastiche of Shakespeare.

Apart from the uneasiness generated by the brilliant scramble of archetypes, I suffered a more distanced critical uneasiness over the ending. After her surfeit of horridness, surely the villainess deserves a more violent extermination? Roasting can't be fun, but this victim only whimpered. I had hoped for roars and screams. And the final vision of the happy home hardly needs Dad's closing generalities. The stepmother's departure might have been a better way to close. David Rudkin himself states that his play intends no parables. Indeed, it is far too complex for that.

Brenda Bruce and Janine Duvitski

Scenes from The Englishwoman and the Horse and The Shogun Inheritance

Television

Things about a horse

by CHRIS DUNKLEY

If Edward Mirzoeff didn't exist somebody would have to try to invent him. During the last ten or 12 years he has made a collection of programmes about this country and its people, usually single documentaries, which have done more than entire 13-part series by other people to chronicle the heartlands of England and the English. Mirzoeff is the man who made the lyrical *Bird's Eye View* which established the tremendous value to television of the helicopter. Then he produced *Metroland*, John Betjeman's anthem to suburbia, and *A Passion For Churches* which was not really about religion or even buildings so much as the ethos of the Church of England.

Two Christmases ago he produced *The Front Garden* in which Betjeman's daughter Candida Lycett Green, reviewed the extraordinary diversity of that very English phenomenen from homes for plaster gnomes to bamboo thickets. Now he has used the same authologising technique for *The Englishwoman And The Horse*. Subtitled "A Kind of Love Story" it did, indeed, record a series of passionate amours so bizarre that, in any other nationality and with any other animal words such as "unhealthy" and "unbalanced" or even "indecent" would be used.

We saw one woman repeatedly kissing her horse, another entertaining hers to his weekly tea in the sitting room, and a third putting her fat, Thelwell type, pony through his paces with a lifelike doll sewn into the saddle — not for training purposes, but because that, it seems, is what she does. The nuttiest group of all "breed" plastic model horses: they borrow one another's stallions to "cover" their mares and then meet to present rosettes to the best "offspring." At least, I *think* that is what they do.

Mirzoeff could very easily have been more explicit here, as with other parts of this programme and most of his recent work. But that would change his programmes, making them more like other people's, and much less valuable. His work has more in common with Rowlandson's drawings or Gilbert White's letters than with the more analytical products of other television producers.

His stance is detached without being aloof, amused but never scornful, fond but not infatuated. His interest appears to be in tracking down those things which really matter to people — their pets, their gardens, their homes—and recording them, if possible in a mildly amusing way, rather than explaining them. In this day and age it is a rare and attractive approach, and if I were obliged to take just eight videocassettes to a desert island (onw there's an idea for a series) half of them would be Mirzoeff programmes.

None of them would involve Barbara Woodhouse who seems to spend most of her time on television over-projecting herself — she appears to be terrified of silence and will say anything rather than endure a moment's peace — while all those around egg her on. Unlike so many others I find her bossiness and her loud-mouthed ways far from attractive, though I am willing to accept that her dog training series was valuable. Last week's episode of *Barbara's World of Horses and Ponies* on BBC 1, however, looked like a cheap and slapdash attempt to cash in on her notoriety. Having the camera gaze around a horsey shop while Mrs Woodhouse brays "Yes yes oh I think that's fascinating yes" is no substitute for a properly thought out programme.

On the other hand I might be tempted to take last week's *In the Country* to my island, to remind myself of the extraordinary variety, richness and greenness of the English countryside. In this episode, produced by Peter Crawford and edited by Paul Carter (who worked for a long time with Mirzoeff) Bernard Price journeyed through the country and pointed up the connections between particular landscapes and specific works of art, from gaunt East Anglian coast and Benjamin Britten to A. A. Milne's "Pooh sticks" bridge and John Ireland's "Downland Suite" inspired by the South Downs. It was a fairly simple but highly effective programme made compelling by Price's enthusiasm.

If I had a reservation about *The Englishwoman and the Horse* it would be that the voice-over narration by Candida Lycett Green sounded somewhat flat and cold. Producers often seem less adept and perhaps (it is hard to know) less concerned with choosing the right voice to deliver a commentary than with choosing the right cameraman to get the pictures or the right reporter to collect the facts.

Rather Mrs Lycett Green, however, than the famous actors who are so often hired on the assumption, presumably, that they have the right background. John Mills, for instance, was chosen to speak the commentary for BBC1's tribute to Tommy Steele on his 25th aniversary in show business, *Tommy Steele—A Handful of Songs*. Admittedly the script was banal and lacked feeling for the spoken (as distinct from the written) word. It was weighed down embarrassingly with such phrases as "Television snapped him up like a shot" and "There then followed . . ." Perhaps no one could have saved it, but Sir John made things worse by delivering the words in a stilted, plummy voice like a pastiche of a 1942 Leslie Mitchell newsreel.

That and Leo McKern's rendering of the commentary on BBC2's *Zone Of Occupation* illustrates again what I have long believed: that actors are the last people to choose to read commentary. Unable in this rôle to appear in their usual way before the public, many of them make desperate efforts (subconscious or not, the effect is just as bad) to compensate with the only material left to them, with disastrous results.

In Zone Of Occupation McKern, whose acting I have often greatly admired, sounds like Donald Wolfit in the character of Banquo's Ghost reading the ten commandments to an audience of subnormal children: slow, lugubrious, portentious, and patronising. As a general rule journalists are better than actors at reading commentaries, Julian Pettifer's on the excellent *Shogun Inheritance* series is exemplary as is Paul Vaughan's work on *Horizon*.

But at least in terms of subject matter *Zone Of Occupation* has come up with a largely disregarded and perhaps significant aspect of the war. It was hard to know whether to laugh or cry at the account in Sunday's episode of the British Industrial dismantling policy in post-war Germany which appears to have led directly to Germany's industrial revitalisation.

Elsewhere on television attitudes towards the war feel downright unhealthy. The early episodes of *Tenko* were well made and interesting, depicting as they did the people who constituted what I would guess might be a typical pre-war colonial community. Once behind the wire, however, we are on heavily worn ground with the Brits sweating through stiff upper lips and the Japs being unspeakably beastly.

Kessler though on a slightly less worn subject—ex Nazis in modern Germany, still wielding power, still rich—is if anything even more distasteful. Any subject is, of course, fair game for drama if you can extract from it something original and, if you are very clever, something timeless. But *Kessler* has about it a whiff of those particularly nasty war comics which peddle to a new generation the familiar old propaganda and hatred.

For a previous embattled generation such attitudes may have meant necessary virility, but to continue exploiting them today looks like necrophilia. Other nationalities including even the Americans gave up making Second World War stuff long ago, and it is time the Brits followed suit. It is depressing to see the cover of London Weekend's latest glossy publicity handout called "What's New at LWT" bearing on its cover a photo of a USAF crew racing to a Flying Fortress. What's new at LWT is the Second World War.

Finally, spare a thought for the returning officer at Crosby who will be seen nationwide on BBC and ITV tomorrow night. He shouldn't have any trouble reading out the winner's name ("Shirley Williams" is easy enough). But I understand that the law requires him to announce the votes cast for all other candidates and to read their names in full. The Cambridge University Raving Loony Society is represented (he changed his name by deed poll) by Mr Tarquin Fintim-Linbin-Whin-Binim-Bus-Olé Biscuit Barrel F'Tang. *Fintim?* Hmm.

Old Half Moon

Missing

The common factor in the lives of three benighted regional women is an addiction to thrillers. Each in her own way is odd and faintly stupid. The one point of technical interest is Bryony Lavery's play for her touring company, Extraordinary Productions, is how this addiction becomes part of their experience, abducts them to mysterious solitude and, through tentative communication, brings on a feeling of tepid solidarity.

Despite the dressing, and allowing for male chauvinist bias, etc, we have been here before. I detect a slight shift of feminist emphasis: avoid all heavy political theorising (or at least save it for the final speech), let's pretend this is real entertainment. Hence the terrible jokes, the pretence that Ms Lavery's characters are quirkily representative victims, and the dramatic contrivance of a break-out to freedom and self-awareness.

The farmer's wife, the chain store light bulb vendor with frustrated artistic aspirations, the dotty housewife expressing herself, tawdrily, in amateur theatricals—all must slim to pass through the prison's air vent. Do they wish to be imprisoned fatties ("No!") or emaciated free women? ("Er, well, yes!")

The first half hour or so juggles political content quite niftily with the clichés of paperback thriller and concomitant sexist overtones. But the evening is none the less static and increasingly predictable. Even the show's best idea —creating a dumb hold-all of feminist aspiration in the beautifully controlled presence of Donna Champion, whistling, trumpeting and miming hints to her charges in the role of beneficent gaoler — fails to alleviate a mood of patronising indulgence.

Although the three girls end up sharing their problems, there is no reason to believe that anything will really change for them, apart from the fact that they have talked to each other. Fine. Sparsely presented in front of three little flats, I imagine the show looks small and introverted alongside current flat-out feminist offerings at the Drill Hall and Lyric Hammersmith Studio.

MICHAEL COVENEY

Festival Hall

Beethoven/Mahler

On Monday Night the Bournemouth Symphony made a well-received appearance at the Festival Hall, under their Principal Conductor, Uri Segal. The solid qualities painstakingly achieved by Paavo Berglund have been maintained by his successor; this remains an honest, rather than merely *flashy, orchestra*.

Their programme was a tiring one, but the quality of playing remained stable. Only some basic intonational differences of opinion between clarinets and oboes marred the generally high level of execution.

Stephen Bishop-Kovacevich played Beethoven's First Piano Concerto with full-toned assurance. His solos in the first movement, played a few notches faster than Segal's opening tempo, had an uncomplicated momentum and well defined range of dynamics that was immediately attractive. Despite his choice of Beethoven's longest, most extravagant cadenza, he maintained a strong sense of direction throughout.

In the slow movement, Bishop-Kovacevich's delicate yet propulsive playing again contrasted with Segal's squarer handling of the orchestral part, but piano and orchestra were better integrated during the finale. This was pianism, and Beethoven playing, of a high order; brilliant, confident, perceptive.

Mahler's Sixth Symphony — more often played on its own, because of its vast proportions and considerable executive demands — concluded the programme. The work is well on its way towards becoming a popular Mahler symphony, but it will never be an easy one to bring off. The lengthy but traditional structures of the outer movements need careful planning, a judicious sense of balance, in order to properly cohere.

Segal directed a disciplined performance, but the overall control of these structures was absent. Rather like a Stephen Spielberg movie, the first ten minutes was thrilling, the next ten exhausting and the rest simply tiresome, because of relentless overkill. Without a sense of harmonic tension and relaxation (such as marked Horenstein's and Mitropolous' performances) the succesive climaxes of the work began to sound redundant. Despite Segal's boundess energy, little passion emerged.

RICHARD JOSEPH

Dominion

The Pointer Sisters

Times have changed for the Pointer Sisters. They have slimmed down from five to three and their act, once sophisticated cabaret within camping distance of Manhattan Transfer, has been popularised down to a kind of soul funl

But it was not the girls that faulted their Monday night show at the Dominion: it was one of the most painful sound systems I have ever encountered. The problem seemed to be less in the equipment than in the balancing but after 30 minutes of head stabbing distortion behind one set of amplifiers even a move to the back could not avoid the manic blast.

Through the pain the Pointers could be appreciated in snatches. They have a smoothly moving performance, each taking the lead in turn and mixing their current sound with memories of their scat singing past and even a rock and roll spasm. Their chat rarely rises above the "this is an oldie but goldie" level, but songs like Bruce Springsteen's "Fire" are excitingly despatched, and they have a Nashville classic with "Slowhand." In fact with their positive approach and showbiz smoothness it might have been an enjoyable evening but for the thumping crassness of the sound.

ANTONY THORNCROFT

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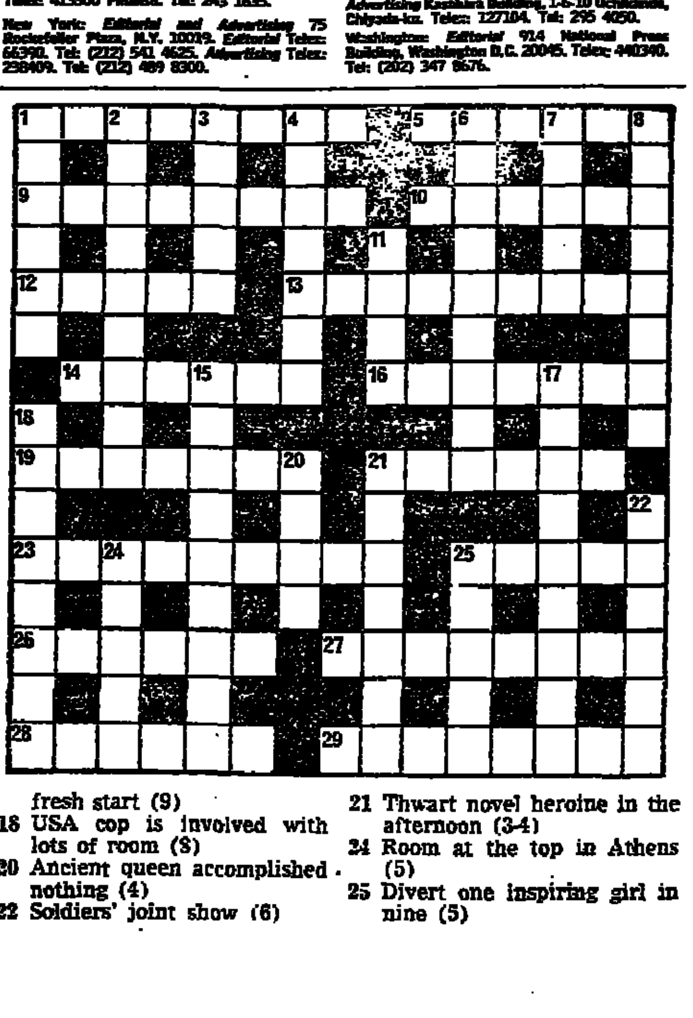
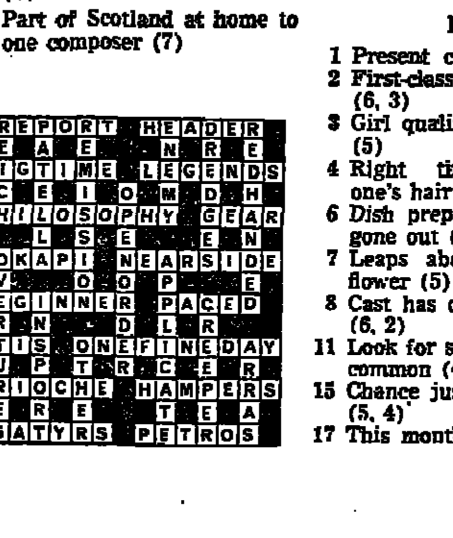


ACROSS

1 Group of trying and disagreeable people (4, 4)
5 Going to get firm compensation (6)
9 Spirit in worker given to *contemplation* (8)
10 Bird having a swim (6)
12 Like a complaint to be solidly built (5)
13 Willingly admit it may remain uncultivated (3, 6)
14 Doctor in habit of fighting (6)
16 Part of Scotland at home to one composer (7)
19 Quiet soldiers incline to be counterfeit (7)
21 Arguments heard with delight (6)
23 Collapsed when praised (7, 2)
25 Put up with an offer by egghead (5)
26 Month to welcome church festival period (6)
27 Current to socially acceptable gallery cut off (8)
28 Back in a tick (6)
29 So long as food rightly appears (8)

DOWN

1 Present close with this (6)
2 First-class pain-killer united (6, 3)
3 Girl qualified to join Wrens (5)
4 Right tingle perhaps—in one's hair (7)
6 Dish prepared in case fire's gone out (9)
7 Leaps about with part of flower (5)
8 Cast has one point included (6, 2)
11 Look for someone out of the common (4)
15 Chance just to finish square (5, 4)
17 This month I have to get a fresh start (9)
18 USA cop is involved with lots of room (8)
20 Ancient queen accomplished nothing (4)
21 Thwart novel heroine in the afternoon (3-4)
22 Soldiers' joint show (6)
24 Room at the top in Athens (5)
25 Divert one inspiring girl in nine (5)



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Wednesday November 25 1981

Mr Brezhnev in Bonn

THE TALKS in Bonn between President Leonid Brezhnev of the Soviet Union and Chancellor Helmut Schmidt of West Germany have, as expected, brought no breakthrough on nuclear disarmament. But they have been very far from a waste of breath.

First of all they revealed something of the opening position of the Soviet Union in the negotiations with the U.S. on intermediate-range nuclear weapons, starting next Monday in Geneva. We now know directly from the Soviet leader himself what the Russians are initially set to demand—as well as to offer—just as we know the opening U.S. stance from President Ronald Reagan's speech last week.

At first sight this looks like cold comfort because the respective stands could hardly be further apart. President Reagan made clear he was aiming for the so-called "zero option" in the negotiations, meaning that the U.S. will cancel its plans to deploy Pershing-2 and Cruise missiles in Europe from the end of 1983 if the Soviet Union scraps its own intermediate-range missiles, above all the Mobile SS-20.

Distortion

In his dinner speech in Bonn on Monday night, Mr Brezhnev accused the U.S. of distortion. He insisted there was already a rough intermediate-range balance in Europe, because the U.S. and its allies had missiles on land and sea as well as bombers which could reach Soviet territory. If the plan to deploy 572 new U.S. missiles in Europe was carried through, Mr Brezhnev said, then the West would have a 2-1 advantage. The Soviet Union would never accept this.

This impasse can hardly be overcome through the two carrots which Mr Brezhnev took with him to Bonn. He suggested a moratorium on all new intermediate-range nuclear weapons while the Geneva talks went ahead, and he said the Soviet Union might then be willing unilaterally to cut the number of these weapons deployed in European Russia.

In its general approach this looks like a repetition, albeit with a new emphasis, of previous Soviet proposals. A moratorium, in the West's view, would simply freeze Moscow's existing military advantage. But a unilateral reduction might become interesting once the Russians spell out just which weapons they propose to cut, in what numbers—and whether they plan to destroy or simply move them.

Faced with these opening bids by the two superpowers, Herr Schmidt has tried to indicate to both sides how he feels a road to compromise can be found. This is a highly delicate operation, since the Chancellor runs the risk of being seen by each superpower as a kind of Trojan horse for the views of the other. Herr Schmidt clearly thinks this is a chance worth taking—because if the Geneva talks make no headway then, as he emphasised to Mr Brezhnev, new U.S. missiles will certainly be deployed in West Germany from late 1983.

Her Schmidt stressed to Mr Brezhnev that if all intermediate-range weapons systems are to be made a matter of negotiation from the start, as Moscow has long seemed to insist, then prospects for accord by mid-1983 will be remote. He therefore proposed that the Geneva talks concentrate first on land-based missiles systems and that sea-based systems be dealt with under separate strategic arms talks expected to start early next year. That is broadly in line with U.S. views but Her Schmidt also made it clear that he felt French and British nuclear forces would have to be taken into consideration at some point.

Main reasons

Herr Schmidt's proposals are one thing; Soviet acceptance of at least part of them quite another. But the West Germans are encouraged for two main reasons. They feel Mr Brezhnev should now be in no doubt at all that Bonn will meet its commitment to the Nato "twin track" decision on nuclear missiles in full if superpower negotiations get nowhere. Second, Mr Brezhnev publicly rejected the U.S. stand while he was in Bonn—but he also said Moscow was willing to negotiate a reduction of "hundreds" of its intermediate range weapons. This is a very far cry from the situation early last year when Moscow was not ready to talk to the U.S. about the problem at all.

The dangers of empire-building

THE ONLY thing that can be said with any certainty about conglomerate mergers — mergers between companies in different industries—is that it is virtually impossible to predict whether they will succeed. Since the heyday of conglomerate take-overs in the 1960s and early 1970s, managers in the U.S. and the UK have become much more dubious about "synergy" and more realistic about their ability to handle a variety of different businesses.

But conglomerate mergers still take place. Some widely diversified companies, like United Technologies in the U.S., Hanson Trust and BTR in the UK, have been extremely successful. There is no reason in principle why the wave of very large conglomerate mergers in the U.S., such as Du Pont/Conoco and the U.S. Steel/Marathon deal proposed last week, should be bad for the economy or for the companies concerned.

Performance

Do mergers of this kind raise issues of public policy? According to the dominant view in the U.S., it is up to shareholders to decide whether the transaction takes place; the subsequent performance of the merged companies can safely be left to the market. The antitrust laws are concerned with competition and hence mainly with horizontal mergers between companies in the same industry; they have rarely been used to challenge conglomerate deals.

Bigness *per se* has never been regarded as bad; this has been reaffirmed under the present Administration. Its views about the dangers of horizontal concentration are less rigid than those of its predecessor, but it challenged one important merger in the brewing industry and it is clearly more worried about mergers within the oil industry than about the takeover of an oil company by an outsider.

In the UK the criteria for merger control are more general: virtually any merger above a certain size can be referred to the Monopolies Commission if it is thought to involve some possible damage to the public interest. The 1973 Fair Trading Act does not mention conglomerate mergers, but Ministers have made statements which indicate that they are a matter of legitimate public concern.

The commission has found itself with the task of assessing the consequences of a proposed take-over on the management performance of the acquired company—a judgment which is very easy to get wrong. Issues of this kind should be left to the market as far as possible.

Large conglomerate mergers, even if they do not effect competition, are sometimes criticised on the grounds that they lead to an undue concentration of economic power; one proposal is that acquisitions by very large companies should be allowed only if they can be shown to bring positive benefits to the public interest. This would, of course, make merger control even more subjective and unpredictable. It is far from certain that the dominance of very large companies represents a serious problem even for the UK, where concentration has gone further than in most other industrial countries. In an open economy the forces of the market should be sufficient to curb the power of large companies.

Nevertheless, while the arguments for limiting government intervention are valid, it is notable that large conglomerate mergers seem to be very much an Anglo-Saxon phenomenon. This partly reflects the bigger role played by the stock market in the U.S. and the UK: there are more takeover opportunities and a financial service industry which has a direct interest in a high level of takeover activity.

It may be that the financial and other incentives by which managers and companies are driven are geared too much towards growth by takeover and that the restraints on such ambitions from shareholders are too weak. One element is a system of corporate and personal taxation which discourages companies from handing back surplus cash to shareholders. A more neutral regime would be preferable in which takeovers are not artificially stimulated and "de-merging" is made easier.

Mergers, whether conglomerate or not, are a necessary and healthy part of the market economy and can often bring gains in efficiency. But directors and shareholders should be on their guard against empire-building for its own sake.

EUROPEAN COUNCIL

Mrs Thatcher learns a lesson

By John Wyles in Brussels

Roger Taylor

Chancellor Helmut Schmidt and Mrs Thatcher: pressing for an understanding which would wrap a financial envelope around the CAP

ONCE the Iron Lady of the European Community, Mrs Margaret Thatcher will tomorrow find herself cast as its alchemist.

As chairman of the European Council which starts a two-day meeting tomorrow at Lancaster House, her urgent task is to conjure a chemical reaction from her fellow heads of government capable of blasting away some of the very considerable obstacles to agreement on reforming the European Community.

That this summit has to rely on the "personal chemistry" generated by political leaders is a measure of the failure of the Community's normal negotiating procedures to cut a swathe through conflicting national interests of great political importance and complexity. Curiously, however, each head of government looks to be arriving with the same hope that there is something in the atmosphere of Lancaster House which will do for the Community what it did for the Rhodesian independence negotiations—namely provide a breakthrough.

After all, what is at stake is nothing less than the Community's ability to offer convincing evidence to its peoples that it has some contribution to make in the 1980s to the fight against unemployment and industrial decline, some desire to remodel its agricultural policy so that it is less prodigal in its use of scarce resources and a readiness to apply longer-term limits to the UK's payments to Brussels budget, and possibly to West Germany's as well.

Miracle if end-1981 deadline is met on major issues

Moreover, there will be other factors to remind the summit of the need for unity. It will take a brief look at Italo-German proposals aiming at European Union which will be derisively irrelevant if Lancaster House ends in disarray.

Perhaps more important will be the discussions on the Middle East where the Ten have emerged as an important single factor in the search for a peace settlement. Finally, Chancellor Schmidt's report on his meeting this week with President Brezhnev will underline the common interest which all have in the forthcoming arms negotiations in Geneva.

While no government wants a failure in London, few have yet done much to prepare the ground for agreement on the so-called "mandate" package embracing the development of new and existing EEC policies, reform of the Common Agricultural Policy (CAP) and restructuring of the Community budget. This European Council, therefore, will have to move from alchemy to political miracles if the EEC is to meet its end-1981 deadline for agreement on the major issues which was set in May last year.

Summits, however, do not specialise in political miracles and nor are they the best forums for detailed negotiations between governments. Their agendas are nearly always overloaded and several heads of government have a distaste for the minutiae of Community affairs. As a result, their speciality is agreement on broad principles rather than the finer points which determine who gains or loses from a negotiation.

Mrs Thatcher, who has a fine eye for detail, has accepted this regrettable deficiency and will be pushing, therefore, for a set of "operational guidelines" which can be applied in the farm price-fixing negotiations in the spring and which will open the way for agreements on new policies and budgetary arrangements.

Agreement on such guidelines would be the crowning achievement of Britain's six-month term in the presidency of the EEC's Council of Ministers which expires on January 1. But not just any guidelines will satisfy the Prime Minister, for they must also serve longstanding British aims of rolling back the share of the Community budget devoted to agriculture and of pegging Britain's contribution to the EEC budget at "acceptable" levels. In short, Mrs Thatcher needs the Lancaster House meeting to help reconcile the British people to EEC membership.

However, it is highly unlikely that she can secure all that she wants on the CAP or all that she needs on Britain's budget contributions by Friday afternoon. The best guess of senior Community officials, therefore, is that Lancaster House will prove to be an "interim" affair. It will produce a large measure of agreement on new policies to be developed by the Ten, some partial progress on the CAP which may still leave much to be settled at or before the next summit in Brussels in March, and only a very general commitment to help on the British and possibly West German budget problems.

There are other questions. What will the "Mitterrand factor" be as the French President undergoes his first real EEC summit test? How much combustion will be generated by Mr Andreas Papandreou, the new Socialist premier in Athens, demanding possibly fundamental changes in the terms of Greece's membership? Will Helmut Schmidt alarm and alienate some of his colleagues by blocking agreement on new EEC policies until they recognise that Europe's largest economy can no longer continue to bear almost the entire burden of financing the Community's budget?

Finally, is any useful agreement possible when one prime minister, Belgium's Mark Eyskens, is a caretaker, another, Denmark's Anker Joergensen, faces an election on December 8 and three others, Dries Van Agt of the Netherlands, Giovanni Spadolini of Italy and Ireland's Garret FitzGerald head rather weak and unstable governments.

Added to these political uncertainties and handicaps is the absence of financial pressures which it was assumed 18 months ago would now be grinding the Community into a new shape.

When Britain's eight partners (Greece had not then joined) agreed in May 1980 to tackle the long-term problem of excessive UK payments to Brussels on the basis of a restructuring of Community policies, they thought the exercise was unavoidable because the CAP would soon bankrupt the Community.

The last 12 months have transformed the situation, however. World commodity prices have moved fortuitously upwards, thus reducing the cost to the EEC of subsidising its farm exports. Meanwhile, a Community dairy herd which for years has monotonously boosted its milk production by 3 per cent a year has this year yielded only a 1 per cent increase.

For this and other reasons, there is no butter mountain and only a very modest stock of skimmed milk powder.

Farming's share of EEC spending, meanwhile, has fallen from more than 70 per cent in 1979 to 62 per cent this year. At the same time, EEC budget revenues from member states' customs duties, agricultural levies and value added tax payments have remained buoyant. There is no question of the Community hitting its revenue ceiling of 1 per cent of the Ten's VAT payments in the next couple of years unless CAP spending again spins out of control. This is something all governments are piously pledged to avoid.

Without this financial spur to reform, the Community is left with wildly differing views of what should be done about agriculture. The most significant divisions are between France and West Germany and there is no conceivable way forward without a reconciliation.

In past years, the Franco-German axis has greased the wheels of Community negotiations on major issues, and in its absence those wheels are reluctant to turn. Undoubtedly, Chancellor Schmidt and former President Giscard would have found it difficult to sing the same tune on the CAP, but it is hard to escape the conclusion that the difficulties are even greater with President Mitterrand.

First of all French diplomacy has lacked a certain coherence with some Ministers saying one thing and others implying another.

Secondly, there is little in the French approach to the CAP that holds out any reasonable promise of economies. Mme Edith Cresson, Mitterrand's elegant but tough Agriculture Minister, has hammered home the points that the CAP must continue to maintain farm incomes, particularly those of small farmers, that it must maximise its export opportunities (which means continue producing surpluses), that it must have better protection against U.S.-made animal feed substitutes and soya products and that it must give stronger financial support to Mediterranean farmers.

The extreme nature of this position has provided a rallying point for others—the Irish, the Danes, the Greeks and the Italians—who might otherwise have displayed a more pragmatic approach on individual issues.

The Germans are undoubtedly alarmed and so are the British by this approach. Both have been pressing for some understanding that would, in effect, wrap a financial envelope around the CAP by limiting its annual spending growth or by allocating it a declining share of the EEC budget for future years.

The strongest hope for the London summit is that President Mitterrand and the other "minimalists" on agricultural reform will make concessions in exchange for undertakings on new policies. Here, there is more advance agreement on the need to bring forward new Community policies for transport, energy conservation and industrial innovation and regeneration. Both Germany and the UK are stressing that the greater the economies made on agriculture, the more resources that will be freed for these policies and for greater regional and social spending.

Both are also stressing that there can be no question of raising the budget's 1 per cent VAT revenue limit before the CAP is adequately reformed. The size of the UK's budget payments is directly linked to agriculture's share of total spending because Britain funds the policy to the tune of around 21 per cent and receives only 7 to 9 per cent of its expenditure.

Understandably, the other Nine are not prepared to agree a new detailed mechanism to satisfy the British until they have blunted British ardour for CAP reform and can actually judge the impact on Britain's payments of any changes to the CAP that are finally agreed.

Mrs Thatcher, it seems, has bowed to the Nine's views and is ready to wait until the spring for final agreement on the British budget problem. This is an important, if necessary, concession, for it has enabled the British presidency to appear concerned to press ahead on all three "chapters" of the negotiations—new policies, agriculture, budgetary restructuring—and not be obsessed with just one aspect. But this will remain a very difficult negotiation for the future in which others will want compensation for the fact that the UK has paid about £500m less than anticipated under its temporary arrangement for 1980-81 agreed in May last year.

Germany is insisting that it will block either the extension of this arrangement for another year or the development of a new one for the UK unless its own budget problem is also dealt with. Chancellor Schmidt will be pressed for details as to what this means.

EEC budget crisis not averted, merely postponed

If he explains that Germany wants precise limits on its contributions to Brussels (which have risen this year from DM 4.8bn to more than DM 6bn) then most of its partners will say "no" and Mrs Thatcher might have to wait until that conflict is resolved.

However, the Prime Minister has come a long way in both experience and understanding of the Community since she launched her celebrated "I want my billion" campaign at the Dublin summit in December 1979. She won that campaign partly because the Community thought it was heading for a crisis that was much more serious than Britain's budget payments.

The Ten know that this crisis, as much a shortage of good policies as of money, has not been averted — merely postponed. If they squander the available time, then the public questioning of the Community's value—now no longer a purely British phenomenon—may find an answer in disillusion and rejection.

EEC NET BUDGET BALANCES 1981-82
LATEST COMMISSION FORECASTS
(in millions of European currency units*)

	1981	1982
Belgium	+ 388	+ 420 – + 650
Denmark	+ 302	+ 300 – + 525
Germany	–1,647	–1,965 – –1,550
Greece	+ 123	+ 515 – + 700
France	+ 624	– 90 – + 625
Ireland	+ 591	+ 620 – + 770
Italy	+ 619	+ 660 – +1,000
Luxembourg	+ 282	+ 300 – + 300
Netherlands	+ 223	+ 200 – + 480
United Kingdom	–1,505	–2,200 – –1,500

* 1 ECU = £0.57.

Net balance equals difference between gross payments to Brussels and total receipts from EEC budget.

The 1982 forecasts are based on various estimates of each member state's share of agricultural spending so as to yield a "worst" case net balance which is the left-hand figure and a "best" case which is on the right.

Men & Matters

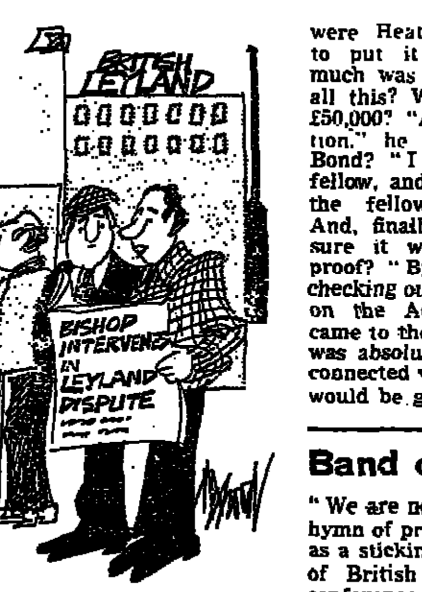
Stout party for Heath

Edward Heath might well have earned himself the sobriquet "Goldfinger" from all of those book-autographing sessions, but we were still a mite surprised to learn the other week that the former prime minister was to play a leading role in a world-wide intelligence-gathering organisation incorporated in Holland with heaving banks of computer hardware crunching data day and night in the U.S.

Edward Heath, superspy? Or indeed, Edward Heath superlibrarian? Carrying with me in my jacket pocket the world-wide intelligence gathering resources of the Men and Matters organisation, I went along yesterday to hear what Heath and managing director Anthony Stout had to say about their International Reporting Information Systems BV — "Iris." Stout is a trim, dapper man while Heath is, well, stout . . . but I digress. Is another intelligence service just what the world needs?

Apparently so, says Stout. Already well-known in Washington for his Government Research Corporation and its magazine National Journal, he was approached after the Iranian revolution by businessmen who wanted to have their cards marked rather more reliably in future. Half-a-dozen backers including bank Henry Ansbacher put up the $10m necessary capital, and the budding Iris is now all set to produce political and economic analysis for clients willing to pay $30,000 to $250,000 a year, depending on the depth of service required.

Stout's recruits for the venture include both managerial staff and an "International Advisory Council" chaired by Heath, and featuring former World Banker Robert McNamara and ex-Barre government trade minister Jean-Francois Deniau. The Council will bestride Iris like an impartial colossus, making sure that it speaks and hears no evil, while the correspondents, analysts and regional directors get on with their job of producing political and economic papers.



"He says that man does not live by tea break alone!"

How, I hear you ask, have I got so far in this piece without once mentioning the word "scenario"? All right, I give in. Iris will be producing "political scenarios," "quantitative economic scenarios" and even "summary scenario analyses." It will, in the memorable phrase of Information Director and former U.S. diplomat Paul Boeker, take the "daily flood" of information and "vivisect" it. The International Advisory Council will "critique the accuracy" of the aforementioned flood, while the Iris computers are, I am reliably informed, equipped with "sophisticated heuristic algorithms" to enhance their job-satisfaction.

How heuristic, I wondered, were Heath's algorithms? Or, to put it another way, how much was he getting paid for all this? Was it the rumoured £50,000? "A matter of speculation," he replied. And James Bond? "I don't look like the fellow, and I don't behave like the fellow." Incontrovertible. And, finally, how could he be sure it was clean and mole-proof? "By my own means of checking out, with my colleagues on the Advisory Council, we came to the conclusion that this was absolutely clean. If it was connected with the CIA, £50,000 would be grossly underpaying."

Band of hope

"We are not here to sing a new hymn of praise that can be used as a sticking plaster for the ills of British industry."—from a conference address yesterday by Sir Geoffrey Howe.

In Burnham wood

A delicate issue, the balance between management and trade unions. While praising Norman Tebbit's equilibrium, the CBI has been complaining with equal vigour about a proposal that would tip the scales again by giving shop stewards a better education than managerial supervisors.

The Burnham Committee, the tripartite body that deals with education pay, has set the standard for further education courses for trade unionists at grade 2/3. This could mean more pay for those who tutor the lads at polytechnics and colleges. Most of the courses were previously ungraded or grade 4.

But, according to reports reaching the CBI, a Burnham sub-committee is now proposing to downgrade the supervisory staff courses from their present 2/3 category.

Official word from Burnham is that the issue is still "under consideration"—but the CBI's director of corporate affairs Michael Bury has sent a letter of protest to Burnham chairman Sir John Wordie just in case.

Many CBI members have complained, like Ford's education officer Ron Shepherd, that lower pay would mean a lower calibre of academic staff for the courses. "Many small firms might feel it was no longer worth sending staff on the courses," he says, "though their value has been well proved until now."

Supervisors have a vital role to play in our economic recovery, the CBI stresses—and, incidentally, unlike shop stewards, they also have to pass exams.

Drying up

Backbench MPs have recently been getting rather sensitive, even pompous, about newspaper stories on Government decisions before they are announced in Parliament.

Chief Secretary Leon Brittan has now primly informed the Commons that until Cabinet decisions on public expenditure are announced there, "information officers in the Treasury have been instructed to treat Press reports about those decisions as speculation which can neither be confirmed nor denied."

Unless, that is, they came from the Treasury in the first place, I think.

Breve lives

Your children may enjoy this one:

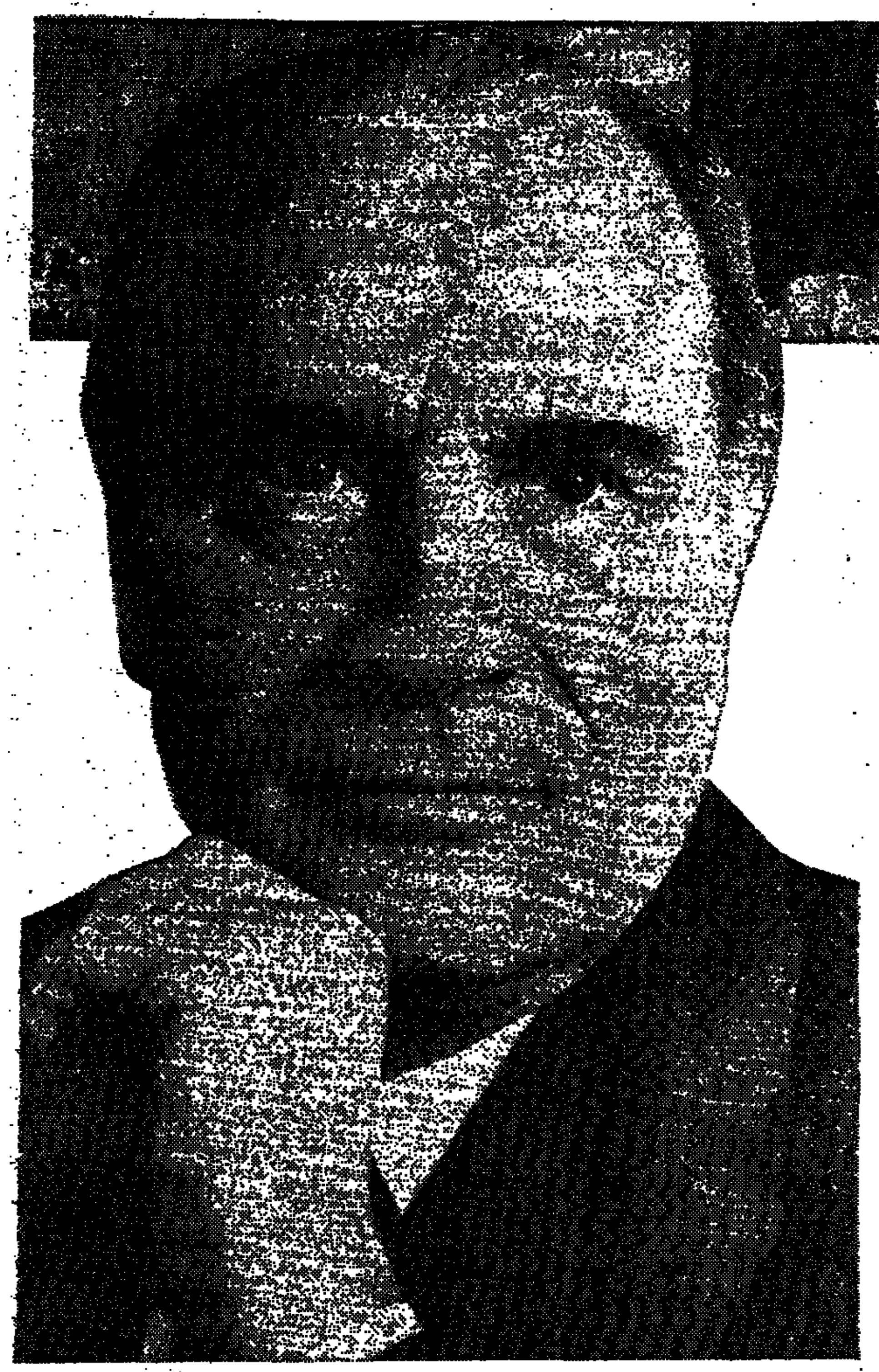
Q. What did Beethoven do after his death?

A. Decompose.

Observer

FINANCIAL TIMES SURVEY

Wednesday November 25 1981



Presidential terms: Gen Charles de Gaulle, January 1959-April 1969; M Georges Pompidou, June 1969-April 1974; M Giscard d'Estaing, May 1974-May 1981.

FRANCE

Mitterrand opts for the middle way

PRESIDENT MITTERRAND was elected to carry out the almost impossible task of restoring France to full employment in the midst of world recession. Six months into its term of office his administration is not unexpectedly floundering in its bid to achieve higher rates of growth without exacerbating inflation.

By David Housego

The industrial peace of the early autumn has given way to a rash of minor disputes that reflect the restlessness and impatience of the shop floor.

More disturbing is the increasing bitterness with which the political parties have been attacking each other and which could threaten a polarisation between Left and Right such as has divided France before. It is easy to forget, in a country that now cherishes its long summer holidays and second homes, that France has a long tradition of revolution and violent upheavals.

After nearly a quarter of a century during which the Government has been dominated by the Gaullists or the conservative Centre, M Mitterrand's victory in the Presidential election marked one of those sharp changes of direction that have characterised French history. The crowds who poured into the Place de la Bastille in Paris on the night of May 10 or who waited for him at the Pantheon on the day of his inauguration saw themselves as the torch bearers of "a Socialist alternative" to be carried to the rest of Europe — and indeed across the world.

As against the Socialist refusal to accept the inevitability of rising unemployment, President Giscard d'Estaing had struck few responsive chords in his election campaign with its bleak message that the times justified continuing austerity. His defeat seemed to many abroad like an act of electoral madness—a nation turning its back on an economic policy which for all its unpalatable consequences seemed likely to bring France through the recession in leaner shape than many of its competitors. Most Frenchmen preferred to see it as the turning of a new page and the personal rejection of a head of state who had left even his own supporters irritated by the arrogance with which he ran the Presidency.

The Socialists, caught off balance by their own victory, had no detailed plan of action on taking office. In retrospect it seems clear that President Mitterrand, strengthened by his overwhelming majority in the National Assembly as well, took two fundamental decisions.

The first was that his administration should be seen at the outset to be a Government of the Left and not as a middle of the road social democratic regime. Thus the Communists were brought into the Government not least to reduce the damage they could do if they had remained outside. The second was that the radical measures to which the Left were committed should be set in train at once.

The Government kicked off therefore in a cloud of dust with a hefty programme of nationalisation, devolution of power to the provinces, reform of the labour laws and the formulation of an interim national plan.

This hectic pace had the immediate advantage of fulfilling popular expectations of change. It also committed the

CONTINUED ON NEXT PAGE

...FTER nearly a quarter of a century in which the French Government has been ...inated by the Gaullists or the Conservative Centre, M Mitterand's victory in ...'s Presidential election marked one of those sharp changes of direction that ... characterised French history. With the risk that the pace of political debate ... be set by the extremists, the new President has increasingly emerged as the ...le of moderation and of holding the middle way.

CONTENTS

● This survey was written by David Housego, Terry Dodsworth and David White of our Paris Office.
● Editorial production by Mike Wiltshire.

Change in direction in economic policy

THE WORST fears of the Cassandras that France's socialist experiment will soon run into the stormy waters of soaring inflation and a fast deteriorating balance of payments have not as yet been fulfilled, nor have socialist hopes of a higher and durable rate of economic growth needed to cut unemployment.

Recovery from recession has been slow. France recorded average growth rates of 2.9 per cent a year from 1973 to 1979 or a rate of expansion well below the fast clip of the 1960s when the French economy achieved a growth of 5 to 6 per cent a year.

The combination of the second oil crisis and the anti-inflationary policy of M Raymond Barre, the former Prime Minister, began to bite in early 1980. Industrial production fell 8 per cent between the first half of 1980 and the second half of 1981 reflecting a shorter but sharper turndown than most of France's competitors excluding Britain.

Recovery since then has been fuelled by increases in consumption — the result of increases in the minimum wage and in social allowances introduced shortly after the Government took office—and exports. Industrial output was marginally up in July and August with the stronger performance of the household goods industries offset by continuing stagnation in the capital goods sector. But industrialists interviewed in the October survey of business intentions carried out by the Government's statistics bureau (INSEE) reported disappointingly low order books and uncertainties about the future.

There is no sign of the pick-up in private investment needed to sustain a recovery. Short of this materialising early next year—and the prospects seem increasingly unlikely of any major turnaround—the chances of the Government achieving its planned growth rate of 3.3 per cent for 1982 (after 0.5 per cent this year) look increasingly remote.

Slower growth will make the government's goal of creating an additional 300,000 to 400,000 new jobs next year more difficult. Unemployment, which had risen to 1.8m in May, passed the 2m mark in October.

In terms of macro-economic policy the Socialists have substituted a combination of neo-Keynesian reflation and new job creation measures, for the restrictive monetary and budgetary policies of M Raymond Barre which gave priority to bringing down the inflation rate. The Socialists have been as anxious to distance themselves from M Barre's policies, as M. Barre has from them. Before leaving office, he set out a record of "good housekeeping" to demonstrate that France was coming through the recession in better shape than many of its partners and that French industry was thereby competitively placed to take advantage of any pick up in the world economies.

The Economic and Financial Report accompanying the 1982 Budget, which sets out the government's economic thinking, puts the Socialist alternative view that the experience of recent years has shown that lower growth and higher unemployment do not necessarily reduce inflationary pressures or encourage the modernisation of equipment. It argues that on the contrary higher growth can bring lower rates of inflation by spreading fixed costs over a higher level of output.

Inflation

In practice, the change of direction in economic policy has not yet been reflected in any dramatic change in economic activity. The annual inflation rate has risen to 14 per cent from the 13.6 per cent last year, but this has largely been due to increased tariff charges in the public sector that were postponed before the election, and to the rise in the dollar.

The 8.5 per cent depreciation of the franc against the D-mark as part of the realignment of currencies within the EMS in October was long overdue and had been pressed on the previous government as well. The anticipated budget deficit for 1981 had climbed to FFr 57bn when M Barre left office as compared with FFr 30bn (1.1 per cent of GNP) for 1980. M Barre's "good housekeeping" document anticipated a 2.5 per cent growth rate for 1982 or one not far short from the goal of the Socialists.

But it is still too early to assess the full effect of the stimulatory measures the Government has taken. The two reflationary packages that have been introduced have each injected the equivalent of a hefty 1 per cent of GNP into the economy. The initial measures raising social allowances and the minimum wage in July lifted the 1981 budget deficit to FFr 70bn (2.4 per cent of GNP). The 1982 budget which provides for increased expenditure on social welfare, housing programmes and aid to industry allows for a deficit of FFr 95bn (2.2 per cent of estimated GNP).

After the shrinking deficits of earlier years, this sharp rise in deficit spending risked an accelerating inflation rate. Thus M Jacques Delore, the Finance Minister, in the first departure from the Government's expansionary programme used the currency realignment to try to demonstrate that the Government was as serious about controlling inflation as creating jobs. FFr 15bn of public investment was postponed and a selective temporary price freeze imposed on the service sector and certain consumer items.

If this boost is not being translated into a durable higher growth rate it is because of the continuing low level of investment. Fixed capital investment by industry is expected to fall by 4.5 per cent this year with the share of private sector manufacturing nosediving by 11.5 per cent.

The budget forecasts anticipate a substantial pick up next year in the light of the recovery in the economy, lower interest rates and improved company margins. But it is difficult for the public sector to make good any shortfall in the private sector as the major existing expansion programmes in the nationalised industries—nuclear power generation and telecommunications — have passed their peak and new investment programmes for those companies being taken over have yet to be formulated.

Fixed investment by the nationalised industries fell back 3 per cent this year after climbing at over 11 per cent a year between 1977-79 when the nationalised sector provided the main impetus for growth.

In default of any substantial turnaround in investment, the main components for growth in 1982 will come from household consumption (expected to contribute 1.9 per cent to a growth rate of 3.3 per cent): inventory rebuilding by industry (0.9 per cent after being strongly negative this year); and public sector consumption.

World markets

Exports, which have continued to rise strongly, as a result largely of major contracts signed in 1979 and 1980 in third world markets, are likely to be pinched by the running down of these and the continued flatulence of the world economy. France had in particular been looking to a pick up of activity in West Germany which absorbs 16 per cent of her exports but which now seems more likely to record a disappointing 1 per cent growth in GNP in 1982.

M Delors at least seems willing to sacrifice some growth to contain inflation on grounds that would please monetarists —namely that each inflation point less means an additional 50,000 jobs. Official hopes for a fall in the inflation rate next year lie in rising productivity as output increases, the levelling of oil prices and a weaker dollar. But pushing in the contrary direction is the French system of almost automatic wage increases in line with inflation that ratchet up costs and prices.

M Delors is making a bold attempt to break this link by bringing back a price and wages policy with a planned slow down in price rises giving the lead to restraint on wages. A wages policy has never worked in France and is unpopular with the unions, but the Finance Minister is pinning his hopes on workers accepting a policy of restraint from a Socialist government that they would find unpalatable from a right wing one. Unwisely perhaps, he has set a target of bringing down the rate of inflation by the end of next year to 10 per cent against independent forecasts that inflation for the year will remain in the 13 to 15 per cent bracket.

At that level it is clear that a further devaluation of the franc would be only a matter of time. The French inflation rate continues to be well above that of West Germany.

Potentially more worrying than the inflation rate is the continuing constraint in growth from the vulnerability of France's balance of payments. The renewed sharp deterioration of the trade balance over the last two years has been due to a rising oil bill and a sharp rise in imports of industrial products.

The increasing import penetration of industrial goods has occurred despite the slowdown in the economy. It is reflected in a decline in France's surplus on industrial trade with the rest of the world from about FFr 41bn in 1978 to about FFr 16bn in 1979 and 1980. Most striking has been the worsening of the imbalance on industrial trade with West Germany, Japan and the U.S.—countries suplying France with high technology products. Along with the increased penetration of imports of textile goods and other consumer items, it points, the Government believes, to a "structural deterioration" of the competitivity of French industry in the domestic market.

In such circumstances higher growth risks being accompanied by even higher levels of imports and a sharply deteriorating external balance. The Government projects that the current account deficit will remain next year close to this year's estimated level of FFr 40bn largely because the expansion of the nuclear power programme will reduce the volume of oil imports. But September's trade figures—one of the worst ever deficits of FFr. 7.6bn—suggest this may be difficult to attain.

David Housego

BASIC STATISTICS

Area	547,000 sq km
Population	53.71m
Currency, franc:	£1=FFr 10.6675
GDP (1980)	FFr 2,754.9bn
Per capita	FFr 51,292 (U.S.$ 12,137)
Trade (1980)	
Imports	FFr 550.96bn
Exports	FFr 490.55bn
Trade with UK (1980)	
Imports	£3.651bn
Exports	£3.899bn
Inflation	13.8pc (Sept, 1981)
Foreign exchange reserves	U.S.$ 22,636m

PROFILE of M. Jacques Delors, the Finance Minister who, more than any other Cabinet Minister, has come to dominate the National Assembly

Custodian of the economy

IF THERE is one man whose resignation would seriously rock the administration of President Francois Mitterrand, it is that of M Jacques Delors, his Finance Minister. In France, as abroad, he is taken as the custodian of the French economy whose presence in the Rue de Rivoli is a reassurance that the Socialist experiment is not flying off the rails.

A quiet, retiring man, with unexpected flashes of warmth and humour, who weighs his words, carefully, he seems at first sight an unlikely politician. With his balding head and short figure he looks more like a country parson. But probably more than any other cabinet minister he has come to dominate the National Assembly by his obvious mastery of his subject.

His virtuoso performance during the Budget debate in which he spoke for 90 minutes without notes on the French economy won standing applause from both sides of the chamber. When tempers were frayed during the debate on nationalisation it was an opposition deputy who called for silence to hear M Delors because he *is* "a serious minister."

M Raymond Barre, the former Prime Minister, has described M Delors as a tormented soul and there is some truth in the comment. He is a Catholic and militant socialist of strong personal convictions and intellectual honesty.

He has that rare quality in a politician of uniting his personal, political and philosophical beliefs to form a single canvas. A speech by M Delors can easily flow from an analysis of unemployment in France to a review of European and global problems, all seen from the same perspective.

His honesty—and certainly—naiveté—led him astray over the Paribas case. He accepted the assurances of M Pierre Moussa, the former chairman, that all would be well as a sort of gentleman's bond between the former Inspecteur des Finances (M Moussa) and the former official of the Banque de France that he himself is. But he had not allowed either for the determination of the foreign shareholders to gain control of Paribas Suisse or that M Moussa might have landed himself in a situation where it was impossible to deliver on his pledge.

M Delors' ascendancy in the Mitterrand administration came with his success in handling the devaluation of the franc within the EMS and then persuading M Mitterand — at the risk of being accused of doing a U-turn in his expansionary economic policy—that the fight against inflation was as important as the fight against unemployment.

His earlier experience of government was an an adviser to former Prime Minister M Chaban-Delmas between 1969-73. He then formualted France's only other serious attempt at an incomes policy. His belief that a modified incomes policy can be made to work now rests on his belief that unions will co-operate with a government of the left.

D.H.

Ashley Ashwood

M Jacques Delors—a master of his subject

Mitterrand opts for middle way

CONTINUED FROM PREVIOUS PAGE

Government irretrievably to carrying through measures in its programme that could have become more difficult to implement if the going got rough. M Mitterrand can no longer be accused of selling out on his own party.

But haste has had its drawbacks. Ill-prepared measures like the nationalisation Bill have left the Government with an unfortunate reputation for bungling. The impression persists of an administration unsure of the direction it is going, speaking with dissonant voice and dodging many of the hard choices.

A pointer to these differences was the refusal of M Michel Rocard, the Minister for Planning, to attach any macro-economic forecasts to the two-year intermediary plan 1981-83. Inevitably this robs it of much of its value as a consultative document on which industry can base its own investment decisions.

Differing goals

Then too, as Minister of Industry, M Pierre Dreyfus is still far from giving coherence to industrial policy. The ad hoc decisions taken so far reflect indecision as to how to reconcile the differing goals of supporting employment, reinvigorating traditional industries like steel and textiles and "reconquering" the domestic market. M Dreyfus, the former head of Renault brought in to reassure industrialists, has so far proved a surprisingly ineffective choice.

M Pierre Mauroy, the Prime Minister, has got himself into a muddle over launching new job creation schemes in industry which employers do not take seriously because other... emerged with his reputation much enhanced after six months in office is M Jacques Delors, the Finance Minister. If the economy has at times seemed to lurch uncertainly between acceleration and an unexpected touch of the brakes, M Delors has held it on the road.

There has not been—and is not likely to be in 1982—the runaway inflation and sharp deterioration in the balance of payments that many saw as synonymous with the Socialists coming to power. The danger in the medium term is that if inflation continues at its present rate of about 14 per cent it will lead to a further weakening of the competitiveness of French industry and renewed pressure for another devaluation.

Meanwhile the economy is picking up more slowly than could have been expected from the reflationary measures the Government has taken and seems unlikely to achieve the 3.3 per cent increase in real growth for which the Government is aiming in 1982. Recovery has been put out of joint by the continued slowdown in the U.S. and West German economies. Private sector investment is badly down this year and industrialists are none too cheerful about the future.

The major spending programmes of the existing nationalised sector which have helped buoy up growth in recent years have flattened out and the Government has yet to decide on the investment priorities for those sectors being taken over. Unemployment has continued to climb and passed the 2m mark in October.

In these circum... union has been demonstrating a renewed militancy in a bid to recover its waning support. At Renault much of the agitation has come from immigrant workers forcing the hands of the union leadership.

The Gaullist and conservative Right opposition has made much of these economic difficulties. Flattened by their defeat in the elections, the neo-Gaullist party of M Jacques Chirac and the UDF supporters of M Giscard d'Estaing are fundamentally still at odds as they jockey for the leadership of the Centre-Right. But they have surprised themselves by their success in drawing maximum blood in the National Assembly out of the Government's discomforts at the loopholes in the nationalisation and decentralisation Bills. The thousands of amendments the opposition has tabled now add to the dossier that will prolong the battle over nationalisation in the Senate, the Constitutional Council and in law courts abroad.

Campaign theme

France knows no concept of a loyal opposition. The Right has conducted its campaign with an almost religious fervour justified by its belief in the threat of a "Marxist" regime leading the country to catastrophe.

Its success has enflamed tempers on the Left, where the Socialists see the prize of political power being wrested from them by a conspiracy of financiers and international capitalists. Thus the loss of Paribas Suisse to a foreign consortium before... National Assembly. The Communists, though remaining loyal partners in the coalition, have equally an interest in staking out their own identity by outbidding the Socialists in their radicalism.

With the risk that the pace of political debate will be set by the extremists, President Mitterrand has increasingly emerged as the apostle of moderation and of holding to the middle way. He tried to soothe his party down after the violent rhetoric at Valence. He wrote to the head of the Constitutional Council effectively apologising for the indiscretions of a Socialist deputy in Parliament who implied that M Roger Frey had financial connections with companies about to be nationalised which could influence his judgment. He has backed M Delors in his campaign against inflation even at the risk of a slower rate of growth. He is eager to mollify employers.

The crucial questions over the coming months are whether the economy can adequately maintaine the momentum of growth and whether the atmosphere of bitterness can be held sufficiently in check to enable M Mitterrand to hold fast to this middle ground.

His chances of success will depend on employers being more ready to invest and the CGT being prepared to hold back on serious industrial action. It will also depend on the Right holding in its reins and not pushing its challenge to the Government to the point where the institutions of the Fifth Republic come under strain in a clash between the National Assembly and the Senate or Constitutional Coun...

Many French Banks find the cost of funds unbearably high

Jncertainty in the banking system

odd piece of irony that ch bank probably most by M. Jacques Delors, ister of Finance, as pursuing the bankers' risk assessment from French banks have ly shied away, is

of the tragedies of sation and the Paribas loss of Paribas Suisse ign consortium and the nt outcry against former chairman, e Moussa, for breach reign exchange regula- that Paribas has become a symbol of in France.

also suffered an incal- setback to its inter- operations which were gth and which reflected d wide scale on which business has been ex- over the last decade. ncertainties over the Paribas are in varying matched by doubts e whole of the French system which finds ed by changes whose does not see clearly. ectly affected are the s which have been sed and which await agement. But the pre- f two of "the big three" already in the state (Credit Lyonnais and Generale) seem almost to be changed as well. Banque Nationale de ll three are likely to ved in mergers, devolu- ay from Paris and re- s that will include ewly taken over as part ntended reform of the banking system.

overnment is also look- he banks to implement teria for lending that give less weight to im- profit and more to pro- investments of national , but which alarm and industrialists alike. w banking law is prom- d the National Credit —the statutory body formally oversees the system—is to be in- with new powers.

the authorities main- money market rates banks' base lending rates, are, at the same time being forced to review their source of funds in ways that presage changes in their own operations and in the size and functioning of the money market.

In all this fluidity, almost the only stable landmarks are the foreign banks who flocked to Paris over the last decade with eyes blindfolded to the possibility of a Socialist-Communist coalition coming to power in France and implementing its election pledges.

If foreign banks see this as a period of marking time or drawing in their horns, the guarantee that the Government will not exacerbate their difficulties is that this administration remains as anxious as its predecessor for a strong French banking presence overseas.

Distortions

After 15 years of hectic growth that has led to many distortions, French banks have come in for a lot of criticism both before and after the Socialist victory. They have expanded their counter sales too fast, are over staffed, unduly cautious in their lending criteria and are lopsidedly imbalanced between banks with a surplus of deposits and those with too few resources.

The Mayoux Commission, set up by the former regime, proposed in 1979 more decentralisation and competition to offset the domination of the main Paris based deposit taking institutions—above all the state-owned Credit Lyonnais, Societe Generale and BNP which, with the giant Credit Agricole, all rate among the top ten banks in the world on the basis of their balance sheets.

M Delors, speaking in the National Assembly debate on nationalisation, voiced criticism often heard in the Socialist party and which is likely to influence the changes to come.

He accused the banks of failing to take into account the national interest by declining to lend to projects of public worth if the immediate returns were insufficient: of egoism in abandoning companies after taking unjustified profits from them: and of wastage in needless publicity and an excess of retail outlets.

But support for reform has also come from within the banking system. M. Dominique Chatillon, head of Credit Industriel et Commercial, (CIC) the fourth largest deposit taking institution and now being nationalised, recently spoke of the need for large reforms "which have until now been deferred by political timidity and perhaps professional apathy."

As a result of nationalisation, the nationalised banking sector will account for 74 per cent of *resident deposits* and 75 per cent of domestic credits.

Of the remainder, the mutual credit societies account for another 22 per cent of deposits and 18 per cent of credits and foreign banks a further 3 and 5 per cent respectively. The 71 private institutions that escaped nationalisation only account for 1 per cent of deposits.

It is clear that M Delors, who sees the reform of the banking system as a project he wants to pilot himself, intends to move slowly and to retain the traditional diversity of the French banking structure reflected in the Banques Populaires, Crédit Agricole and the less specialised Credit Mutuel.

It is still early days to predict how the system will evolve. But the Government seems to favour:

- Retaining four to six "universal" banks as opposed to the 30 or so that exist today. These would also be the main flag carriers of French banking overseas.
- More regional banks influenced heavily by the German model of powerful medium-sized Landesbanken. These could be either new institutions or the result of the larger Paris-based banks hiving off a regional branch network to form a new autonomous unit in which they would hold most of the capital.
- More specialised banks including more merchant banks. The government wants to expand the latter both as a vehicle for overseas operations and for lending to French industry. It recognises the difficulties in recruiting personnel and establishing a merchant banking team.

Banks will largely be left to sort out this evolution themselves—with officials like M Jean Pierre Peyrelevade, banking specialist at the Prime Minister's office, stoutly denying that the Government intends to play "meccano" with the banks.

Even without nationalisation regroupings would have been necessary because many smaller banks now find themselves in difficulty. The guiding principle behind the nationalisation — banks are already casting covetous eyes on potential new partners—will be to match banks with an excess of deposits to those which lack resources for lending.

Criteria

The immediate result of nationalisation is that the Government has more power to lean on banks to change their lending criteria. But having said that, officials are at pains to insist, in M Peyrelevade's words, on the "fundamental liberty" of banker and client. The state, they insist will not usurp the banker's right to refuse a client a loan or deprive clients of a choice of banker.

None the less, the prospect of new criteria for the allocation of credit have led to widespread fears in industry that companies could find credit jeopardised or more expensive if they do not manufacture products of national priority or satisfy unspecified employment requirements.

On long-term credits, officials say that banks will indeed be expected to adjust their lending criteria according to the priorities of the Plan. But they maintain that "selectivity" of credit already exists in the sense, for instance, that credits for exports are subsidised.

For the future henceforce firms investing in priority areas are likely to have easier access to credit and on easier terms than those putting up luxury blocks of flats.

For short-term and medium-term credits (indeed for all lending to industry) the Government is anxious for banks to broaden their conditions of lending—in other words, to use yardsticks of a company's performance and prospects rather than insisting on realistic guarantees as is current practice.

The Government is now considering allowing the banks to raise capital through new instruments that would incorporate features of bonds and shares. The timing would be determined by the other pressures on the capital market.

As for the abolition of *encadrement*—the French system of controlled increases in credit ceilings that banks blame as a disincentive for taking risks—and of the money market demanded by some Socialist deputies, the Government intends to be more cautious.

M Delors does not believe it possible for the moment to abandon *encadrement*, though he dislikes it. The reason he cites is not the usual one of its usefulness as an instrument of monetary control: he believes it is needed to even out the "extraordinary inequality" between banks in their deposit bases and which determine their cost of funds.

He is even more categoric on the money market saying it would be unthinkable to abandon it in favour of a system in which banks negotiated their refinancing needs with the Banque de France. This was a radical change many bankers had thought the Government would adopt and which was actively canvassed within the Socialist party.

M Delors describes the money market as a symbol of "an open economy." But the fact is that many banks at the moment find the cost of funds unbearably high as a result of money market rates being above base bank lending rates. This is a pressure that will force change either on the structure of the banks or on the operation of the money market or on both.

David Housego

Foreign investment continues unabated

N INVESTORS in have either not been the Right-wing's pre- of economic Armaged- owing the Socialist take- simply do not believe

is about the only sub- conclusion to be drawn latest figures and pub- tements by overseas l companies. These all a continuing flow of in France from abroad. s are proceeding as nothing had changed Communist bogey did t.

e summer, after the landslide, it was diffi- believe that overseas alists would so quickly side fears of run-away and loose financial nent.

n investors in French al shares and the financial markets, most had backed the wrong the elections, began to the frontier as soon as d recovered from their heir dash for cover pro- oth the slump on the and the steady haemor- the franc that was only last month by devalua-

Bourse investors, particularly over the r to five years, when brokers estimate that balances in France grew een 15 and 20 per cent market valuations, show of coming back in sig- numbers.

the equity market due hinned dramatically by ionalisation programme, s inevitably become less ing for mobile funds. y, the franc no longer he prestige that brought , if not enormous, flow national funds into the anks and bond markets e last few years.

tistics

ndustrial investors have en put off in the same ccording to the latest from DATAR, the l development agency, s on investment in are running at exactly ne rate as in the last ears.

AR'S statistics are en employment-creating cements by overseas com- The jobs themselves om eight months to three to materialise, but the cements give a fairly ide to reality.

g each of the last three DATAR has registered ation of 12,000 new jobs kind. This year they are g at the same rate of month. By the end of some 10,000 new jobs n announced, not count- big investment decisions d at its Bordeaux plant and Hewlett-Packard, the U.S. electronics concern, at Lyons.

About half of these decisions have come in the last three months, in a period when the full ramifications of Socialist policies have been clear.

DATAR's figures suggest that there was a longe pause in investment decision making during the election period, running from about April into July. But since then, industrialists have clearly re-done their figures, reconsidered the market opportunities, taken a look at the new policies, and decided to come in anyway.

The explanations of this trend vary widely.

Viewpoint

The sceptical view is that a certain velocity in the flow of inward investment built up during the late 1970s—the years marked by Prime Minister Raymond Barre's product financial management—and that it will take some time for this to slow down.

Most of the companies which have made announcements recently have had the projects on the stocks for some time and would not want to alter them if at all possible.

It is also true that France is not the only market under consideration when foreigners put money into the country. They also see it as a base for attacking the rest of Europe, and it may be chosen on geographical grounds, or for the generous aids that are available in the development areas—some 75 per cent of foreign investments are State subsidised, up to a level of about 25 per cent.

There are, however, more positive explanations as well. The first is that France still has a very strong industrial base on which the Socialists seem determined to build.

The biggest anxieties for foreigners is that profits could come under pressure either from price controls or the pell-mell extension of workers' rights in the factories.

But apart from these undercurrents in Socialist thinking (by no means accepted in current policy) there is plenty to encourage investors in the present programme: new aids to industry; increased research assistance; a competitive franc for exports on world markets; a determination to continue with the big Government-backed programmes in aircraft, space, the railways, mining and nuclear sectors.

In addition, the Socialist aim of "reconquering" the domestic market, an industrial objective designed to turn the tide on rising imports, has a positive point for foreigners as well as a negative one.

Officials explain that this may not only mean supporting domestic companies so that they can more effectively fight back against the foreign invasion, although that is one of the targets. It may also involve attracting foreign companies with the necessary technology either into co-operative deals or to set up in France.

In this context, some advisers involved in the field argue that the present Government is showing itself to be much more liberal about foreign investment than its predecessor.

Although this may to an extent be surprising, given the hard Left's extreme suspicion of multinationals of all kinds there is certainly a wing of the Socialist Party that is less economically nationalistic than many members of the previous regime.

Ministers such as M Jacques Delors at the Economics department, for example, or M Michel Rocard at the Plan, have always argued for openness in international markets, and M Delors has categorically stated that since his appointment he has sought to allow as free a two-way movement of capital as possible.

For example, his Ministry put up no opposition to Elf Aquitaine's bid to invest in the U.S., whereas a similar move was vetoed by the previous administration.

On inward investment, it has been widely argued that the recent decision of Mitel, the Canadian private telephone exchange company, to set up two factories in the Vosges region of eastern France, might well have been blocked two years ago.

Contrast

But if foreign industrial investment is continuing at more or less the same rate as in previous years, the same cannot be said of the banks. All the signs are that the big recent growth in overseas banking in Paris has stopped for the time being.

One reason for this is the close shave the foreign banks have had with nationalisation. Some of the bigger organisations come within a whisker of being taken over in line with the ambitions of the Left wing of the Socialist Party and the whole of the Communist movement. Thus, for the time being, they will clearly be advised to keep a low profile.

It is expected, for example, that the Bank of France will reopen its so called re-discount window for industrial financing, closed in 1961, whereby low-cost industrial loans could be discounted at an attractive rate at the Bank.

But despite these possibilities for future development, it would be difficult to find any overseas banker who is currently thinking of expanding.

Terry Dodsworth

An innovative spirit in foreign policy

IF ALL the world's a stage, then France's foreign policy is a new production, with costumes redesigned but most of the parts the same.

An innovative spirit is evident in at least four important areas: the strong emphasis given by President Mitterrand and his brainy External Relations Minister, M Claude Cheysson, to the Third World; the attempt to get the European Community machine into a higher gear; a more clearcut stance vis-a-vis the Soviet Union and a more subtle one on the Middle East.

But for all the changed appearances there is a good deal of continuity. The new Government has moved with caution, anxious to avoid the kind of pitfalls the Carter Administration found along its path. It has reassured friends, allies and clients, "France's signature," M Cheysson vowed as soon as he had been appointed, "is sacred."

At the same time, as France's EEC partners, meeting this week at summit level in London, have found out, it is no less intent or artful than its predecessor when it comes to defending French interests.

The French initiative for revitalising the Common Market is in large part an extension of the Government's domestic aims for growth and employment. M Mitterrand made clear at the Luxembourg summit in June how much importance he attached to the idea of a "relance européenne," and the principle was further developed in the memorandum sent out last month to the nine partners.

The memorandum stresses the need for joint action against unemployment, for giving more room for social concerns in the Community's activity, and for restoring people's belief in the usefulness of the EEC as an institution.

Covering everything from borrowing potential and the future of the European Monetary System to Third World relations and cultural policy, it is all somewhat vague. The document is meant not so much as a blueprint as a basis for discussion, putting other members on the spot by calling for positive thinking.

Many of the proposals, according to M André Chandernagor, Minister-Delegate for European Affairs (a new upgraded post), amount simply to better co-ordination. "That doesn't cost anything, or doesn't cost much."

Proposals

Much has been made of the new French style. "We have been able to play the card," an official put it, "of Socialist virginity." But a closer look at the proposals reveals little that is really revolutionary.

The blocking of Italian wine shipments in the south of France this summer showed that M Mitterrand's France was going to be just as stubborn in defending its farmers. The Government's approach to reforming the Common Agricultural Policy remains based on leaving the foundations as they stand—especially the sacrosanct Community preference with respect to imports. Its proposals for tackling farm surpluses involve a differential price scheme that will at the same time act as a support for small farmers.

France's position on EEC enlargement has not moved much from the one finally adopted by former President Giscard—that Europe had to solve its problems first before expanding.

On budget contributions the French say they are willing to talk about imbalances but reject outright the British theme of a "just return." Says M Chandernagor: "Carried to the extreme, there would be no Community at all."

"There are not necessarily big changes," an official admits, "but rather a different sensibility."

The Foreign Ministry—apart from the change in its official title to "External Relations"—was the one that suffered least in the immediate post-election reshuffles. The Government waited until last month before announcing a sweeping series of moves, including the appointment of several non-career diplomats to embassy posts, among them the former Renault chief M Bernard Vernier-Palliez to Washington.

The shake-up does not appear to have increased President Mitterrand's popularity at the Quai d'Orsay.

"Idealistic Gaullism" was how Le Monde summed up the Mitterrand style of diplomacy: staying in the de Gaulle tradition by its emphasis on national independence, the French nuclear deterrent and the country's place in the world but adding to it fresh concerns for human rights, solidarity and for setting an example for others.

The Gaullist tone is far from being beyond the President's powers, as he showed in his September Press conference. Replying to U.S. comments about his policy towards Salvadorian guerrillas, he declared with equal indignation that neither Moscow nor Washington had the right to demarcate "no-go" areas: "There is no zone where we have decided not to be present if it is in the interest of France and in the interest of peace."

M Mitterrand has managed to set Franco-American relations off to a relatively good start, however, despite early jitters about his decision to have Communists in his Government. Appreciated are his unambiguous attitude towards Soviet expansionism and the Soviet military threat, his tacit acceptance of the neutron bomb, a shift in his position (as a gesture of political support for Chancellor Schmidt) on the issue of Pershing and Cruise missile deployment and a less haughty approach than his predecessor's on the Middle East.

In this sphere the new Government has trodden with extreme care, in order to allay fears in the Arab world about the new President's sympathies. Between M Cheysson's meeting with the PLO's Mr Yasser Arafat and M Mitterrand's planned trip to Israel, the French are trying to maintain a difficult balance, with an open-minded view on the merits both of Camp David and of the Fahd peace plan.

The cordial ambiance the French and American leaders showed off at the recent Yorktown anniversary celebrations cannot disguise a couple of important points of divergence. One is Central America, an area for which M Mitterrand's adviser is M Regis Debray, controversial author of "Revolution in the Revolution." The joint Franco-Mexico statement recognising Left-wing opposition groups in El Salvador was not calculated to make friends in Washington.

Eloquence

The more general challenge to U.S. policy, as Mitterrand went on to spell out with some eloquence at the Cancun talks in Mexico, is over the developing world and the way the West treats it.

The Government has done much to cultivate its relations with countries such as India and Algeria, and to maintain, after its own fashion, France's traditional role in black Africa.

This month's Franco-African conference in Paris can be judged a considerable success for M Mitterrand. President Giscard, at first popular among France's African allies, had lost some of his credibility, particularly over the Chad debacle. The new Government has put its weight behind Chad's President Goukouni Oueddei and an inter-African peace-keeping force, surviving a worrying moment when, amid wild reports of a final Libyan takeover, it seemed the Chad booby-trap might once more blow up in France's face.

The Socialist leaders have close links in Africa, including those with "progressive" Governments, and have won back the confidence of old stalwarts such as the Ivory Coast's President Houphouet-Boigny. The new Government has shown more deference towards the Organisation of African Unity and more willingness to play a supporting role. It plans a sharp increase in aid, most of which goes to Africa, raising in particular the flow of funds to the least developed countries.

M Mitterrand's first six months have not gone by without their share of incidents and tense moments on the international front, including a row with Spain over France's refusal to extradite Basque militants, Israel's air-raid on a French-built nuclear research station in Iraq, a crisis with Iran following ex-President Bani Sadr's flight to Paris, and the swashbuckling saga of the gunboat which, having been handed over to the Iranian Navy and captured off Gibraltar by monarchist guerrillas, turned up again in French waters. The Government has weathered these storms well enough so far to keep its diplomatic dealings largely safe from the onslaughts of its domestic political opponents.

David White

Government measures to win the co-operation of small businesses

More help for smaller companies

IMAGINE you are a small businessman, employing about 200 men making components for the aerospace industry somewhere in France.

Your main customer is a big company, and during the present economic crisis it has been squeezing you mercilessly, paying late and tightening its demands. In the first round of the presidential elections, in despair at the tough economic policies of the Giscardian regime, you voted for the alternative right-wing policies of M Jacques Chirac. In the second you opted for M Francois Mitterand, on the grounds that he could not make things worse.

Today, such a businessman will almost certainly be asking himself very hard questions about his desertion of the centre-right policies that have governed France for the past 23 years. The new Socialist-Communist administration may not, in itself, be opposed to small businesses as such; indeed, it believes that these sort of companies have a very important role to play in the development of France. The application of Socialist measures, toughened up by the Communist anti-patron dogma, means problems right along the line for the family firm, from the question of workers' rights to the problem of increased taxes.

The small business issue is a critical one for the new administration. If the policy of industrial expansion and sharply reduced unemployment is to work, the Government desperately needs the co-operation of this part of industry. "Small and medium sized companies are the woof of the economic tissues," says M Pierre Maurey, the Prime Minister. "They will therefore play a decisive role in the battle for employment."

Yet however aware M Mauroy may be of the need to instill confidence among such businessmen, the Government has spewed out measure after measure which has created mistrust.

First of all, there was the decision to push immediately towards the 39-hour working week—a preliminary to the 35-hour target set for 1985. After long talks and a great deal of pressure, the employers' federation eventually accepted the principle, but the small companies' association has so far refused to sign anything with the unions.

They believe they have not sufficient room to manoeuvre to absorb the additional costs that would follow the 39-hour week. Whereas bigger employers may be able to increase shift work and gain advantages through more flexible hours, small companies see few opportunities on this front. For them the long-term aim of creating more jobs almost certainly means additional costs.

Then the Government has begun to press measures for the extension of workers' rights and the strengthening of the unions. This has sent a shudder through many small family companies, where trade unionism is still frequently non-existent, and the patron very much the boss.

Challenge

Larger concerns of more than 50 men are already accustomed to the principle, because they have to have a workers' representative on the board. But even in many of them, trade union activity is limited. They fear, rightly or wrongly, that the success of the company depends critically on their own ability to manage their affairs freely—on their scope to make their own entrepreneurial decisions. The move towards an expansion of trade unionism could challenge their mastery in their own house.

The most critical blow to confidence, however, has been delivered by the series of budgetary decisions designed both to raise money for the reflationary programme and reduce inequalities in France. The tax on company entertainment allowances has been increased significantly; the minimum wage (SMIC) was raised at double the normally due rate in the summer; and most importantly, the new wealth tax has made many small businessmen, particularly those who have inherited subtantial land and property, feel that they are the first in the line of fire in the new Government's levelling measures.

The small business community argues that this panoply of new tax initiatives, along with the recent increase in social security charges... This is now said to be running at around 44 per cent, about 1 per cent higher than under the last administration. How can industrialists respond to the Government calls for increasing employment, they say, when their overall means are being reduced?

Problems

Undoubtedly there is a certain amount of posturing in this attitude. Family firms are, as one of them remarked recently, "condemned to succeed," and have to learn to live with any Government. Indeed, some of their problems have proved less acute than they looked at first sight. For example, the SMIC increase in the summer was relatively easily absorbed by various adjustments, while the more painful aspects of the wealth tax have been diminished by substantial exonerations on capital put aside for investment.

In addition, the Government is using the carrot as well as the stick. A series of financial inducements have spilled out of the Economics Ministry in the effort to restore confidence in the so-called PMIs—the small companies in industry, but excluding the commercial sector.

The thinking behind this policy is as follows: Small PMI companies in France, defined as manufacturing businesses employing between 10 and 499 workers, with a turnover of less than FFr 100m, provide jobs for about 2.6m people, accounting for about 46 per cent of the industrial workforce. There are some 45,000 companies of this kind, of which about 17,000 make 25 per cent or more of their sales overseas.

Most significantly, they are reckoned to play a particularly dynamic role in industry. Between 1974 and 1977, their employment levels are calculated to have risen by about 2 per cent in France, while big companies were shedding 4.5 per cent of their labour force; equally, in the early 1970s, all of the 200 companies enjoying the fastest growth in France—more than 15 per cent a year—were PMIs.

The Government believes there are basically two kinds of PMIs in modern industrial society—the small companies that are satellites of the big manufacturing groups, making components on a sub-contracting basis, and the newer, more creative companies that have been launched by former big company employees who have had an idea and want to cash in on it. The new policy for the PMIs tries to take into account both these aspects.

For the older, established companies, new guidelines are being laid down to regulate their relationship with the nationalised sector. This idea is clearly an important factor now that so many big companies are being brought into the orbit of state control, and is designed to ensure that the "locomotive" role of the big nationalised groups is played in full.

With this policy of using the big groups to stimulate an entire sub-sector of smaller firms, the Government is instructing nationalised companies to pay their suppliers more promptly, give more technical support, help with exports and encourage their... been tried by some big groups and found to work, says the Industry Ministry.

The Government is also aiming to make it easier and less risky to set up new companies. Big company employees who see an opportunity will be able to take leave for three years, with a return job assured if necessary, while the state will take in charge the costs incurred by his departure in the parent group. In addition, the Economics Ministry is to set up local offices to help guide businesses seeking finance, while simplifying the complex system of cheap funding for industry, and reducing taxes during the first five years of a company's existence.

On the research side, apart from the extra help being demanded from big companies, further subsidies are to be offered for research workers attached to small companies, while the ANVAR industrial innovation organisation is to have its credits virtually doubled to FFr 720m next year. Many small companies, the Government argues, are unable to profit from discoveries because they do not have the means to push through the necessary development programme.

The new Government has also introduced a plethora of new financial aids to small companies over the last six months. These are partly designed to help with short-term cash-flow problems originating from the slump in the economy. With a high current rate of company bankruptcies, adding to the unemployment problem, the idea is to shore up companies which are fundamentally sound by making money available through the Cedefi regional aid organisation. Funds can be borrowed on this basis for a period of up to 18 months at or slightly below bank rate.

Investment

The secondary objective is to stimulate investment through advancing loans at a specially subsidised rate for capital spending on agreed projects. A super reduction has been made available for special programmes helping employment, exports, economies in raw materials and the application of robots. Some FFr 22bn is being spent in this area before the end of the year.

Thirdly, the participating loan scheme has been increased to FFr 3bn, almost triple the rate of 1980. These are special types of government-backed subordinated loans, which count as semi-equity, and have the last call on assets in the event of bankruptcy. Interest rates on them tend to be soft, and they imply little risk on the part of the borrower because they are not secured against assets—one of the weaknesses of the French financing system, it is often argued, is that there is a shortage of cheap equity capital.

So far, these measures, while meeting a certain amount of success from the hard-pressed small businesses, have not succeeded in overcoming suspicion of the Government. The gut reaction of the small business sector is to demand markets, not aid. M Delors, the Economics Minister, clearly understands this, and has been trying to fashion a policy which will give...

M Emile Vernon—a passionate capitalist

A man of many roles

"IT IS unacceptable," says M. Emile Veron "that industrialists who are going to find their dealings with banks a lot more difficult as the result of the nationalisation of the banks should take this measure lying down."

M. Veron is a quietly spoken and determined Lyon businessman with a growing reputation in France and abroad.

He combines a number of oddly assorted roles. He is chairman of Majorette, the third largest manufacturer of toy cars in the world which he has built up from scratch to a company that exports 55 per cent of its output and boosted net profits last year by 34 per cent.

With a labour force of 800, it comes into that category of successful medium sized businesses that the French government is most anxious to encourage.

Since 1968, he has introduced into the company a share participation scheme for employees which is still regarded as a pioneering venture by Lyon's conservative industrial establishment. Employees are also involved in consultation over a broad range of management decisions including budget planning—a practice the Socialists would like to see applied more widely in industry.

At the same time M Veron is a passionate capitalist and opponent of nationalisation. As such he founded and is the President of "Enterprise and Credit"—an association of entrepreneurs worried at the impact of industry of bank nationalisation.

He believes companies seeking loans will be in an insupportable situation when virtually all French financial institutions are in the hands of the state.

Determined

Within the Government, his new association is condemned for not accepting the reality of a Socialist victory.

M Veron is nonetheless determined to fight the nationalisation of the banks, believing that the Constitutional Council could yet overturn the measure. He believes their case has been much strengthened by the refusal of foreign shareholders to accept the Government's compensation terms.

The force of M Veron's arguments comes from the success of Majorette.

Profits last year were FFr 16.5m on turnover of FFr 174.6m and have risen 35 per cent over the last five years. But Majorette, which in July took over another French toy manufacturer Solido, is slowing ... in

Terry Dodsworth examines the changes in industrial policy

1assive effort to galvanise the nation's industry

IS no shortage of itements on the new overnment's industrial ie. In the heady first is of power, the probeen rather the reverse. ering variety of ideas ects has spilled out of arts of the administrahout being given a and coherent shape.

the previous admini- he basic orientation of as clear enough. The nt headed by Prime Raymond Barre aimed ise industry by taking national market as its rench industry was to nised to make it more ve at this world level. eant continuing with t national expansion nes in aerospace, rail- the nuclear industry, generators of invest- l exports. But it also ifting French industry over-concentration on l sectors into high y areas.

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ndustry, stimulated by ent research, specific d investment pro- and carefully chosen iches, was expected to the surplus employ- well- as creating new pportunities.

, it was argued, would meet the challenge of rnational crisis and ompetition from the rld by using its grey n a more concentrated

this doctrine has been ver by the Socialists. velopment of home- high technology com- or example, is regarded tial, while finance will ploughed into the big prestige projects.

here will be two essen- ferences. The first of the enormous extension iationalised sector; the is the much more le treatment now for the traditional s.

gument over nationa- as become so complex nical in recent months, as tended to mask the simple economic con- nd the policy.

king over most of largest companies, all dominant or highly l in a particular sec- ocialists are aiming to mand at the industrial he nationalised com- e to become an instru- State ordering policies expected to have a t ripple effect over the e industrial apparatus. ocomotive " idea of the State industry has been used, the Socialists argue, with great success in the big national industries.

Both the nuclear industry and the new advanced passenger train, to cite just two examples, have maintained and created many companies. In both of these areas, international competitive groups have developed, which have pulled along in their wake a whole network of suppliers and sub-contractors. The Government is aiming to create more of these kinds of activities.

In practice, this approach is to be reinforced by the already-announced mix of languages agreements aimed at regulating the behaviour of the big nationalised groups with their suppliers.

State companies will be expected to help their satellite small company sub-contractors by prompt payments, help with research and development and assistance in overseas marketing. They will also be asked to make it easier and less risky for employees with new product ideas to leave and set up their own companies.

This pattern of industrial management falls into the dirigists tradition which has marked much of the development of modern France. Whereas the last Government was trying tentatively to swing the pendulum back to a less interventionist system, the Socialists argue that State management must, on the contrary, be reinforced to break out of the present crisis of capitalism.

The problem, they say, is as severe as in the 1930s, with a great deal of capital immobilised in the mature industries, while not enough risk-taking and investment is going on in the newer areas. The State will therefore have to take the risk and stimulate fresh investment by way of the nationalised sector.

At the same time, however, the Government is concerned to stop the rot in the traditional industries, even where it makes no pretence about their limited future.

"There is no such thing as a condemned sector," says the interim two-year plan, in the classic statement of this policy, "only out-of-date technologies." There will, therefore, be intervention in these areas, though not simply to shore up ailing companies. The aim will be to encourage the shift towards new processes and higher value-added products through sectoral plans.

Work has already begun on these lines in the textiles industry, where the collapse of the Agache Willot group, the industry's largest employer, has coincided with wholesale smaller closures.

A similar project is under study for machine tools as well, on the express instructions of President Francois Mitterrand. The toy industry has already been the subject of a mini-project, and more are to follow for the wood-based industries and motorcycles.

The method of planning for these industrial restructuring and aid policies has also changed since the last Government. The system is being switched away from looking at specific company and sectoral problems to examining each separate industry vertically—for example, looking at artificial fibres from the oil refining stage right to a finished shirt.

French industry often has a structural weakness somewhere along the line which might be solved by Government intervention. One often-quoted example is the distribution sector, which is reckoned to be inefficient and over-complex, consequently imposing a heavy burden on French costs.

Another area which might benefit from this planning approach is electrical consumer goods, where France is extremely weak, but where the Thomson group might be pushed forward to lead a comprehensive re-organisation designed to push back imports.

Taking the argument that a coherent industrial policy is formed by the demand created in the public sector—it orders materials, machine tools, services, and so on — Socialist planners contend that the State should have activities in all the key industrial sectors of the future.

Each of the big companies being taken over in the nationalisation programme, they say, is to some extent influential in one or another sector, and can therefore stimulate a particular vertical line of activity—a filière in the French parlance.

So far the new Government has not put a great deal of flesh on these various aspects of its industrial policy. With the nationalisation Bill still making slow progress through the Senate, and not likely to be passed for several weeks, the more detailed planning is having to be put on the back burner. But at the moment, critics point to two possible dangers in the plans.

Priorities

The first is that it is not clear where the power centre lies in policy-making. At some stage, some priorities will have to be set between support for different industries because of financial constraints.

But if there is a choice to be made between, say, support for new energy sources and washing machine production, who will make it? At least four Ministries — Industry, Economics, Research and Technology, and the Plan — are currently playing a part in policy decisions, and they do not have totally compatible interests.

The second question concerns the Government's wider political objective of creating jobs. Enormous emphasis is being placed on plans to reduce working hours and create part-time employment in the effort to spread out available jobs. Yet industrialists complain that these policies can only increase their costs and make it more difficult to compete in international markets.

It is clear that in this context there has been a definite shift of emphasis from the approach of the previous Government, which had begun to tackle French over-manning and labour costs in a much more ruthless way than any other Government since the war.

On the other hand, the new Government's concept is more in keeping with French paternalist traditions of secure employment and State-stimulated expansion. The big question for the Socialists is whether the gamble on a massive effort to galvanise the nation's industry while maintaining employment can achieve success in an unfavourable international environment of low or even negative growth.

THE Nationalisation Bill, now wending its way painfully through the Senate, should be passed sometime before the end of the year.

It will bring another five industrial companies into the scope of State ownership. This will increase the public sector's part in the creation of Gross National Product to about 16 per cent, according to the Economics Ministry. At the same time, 36 banks are also being nationalised.

The five companies, and their main activities are:

● Compagnie Generale d'Electricite—a conglomerate whose main interests are in heavy electrical engineering, electronics and telecommunications.

● Pechiney-Ugine-Kuhlmann —a metals and chemicals group, which is particularly strong in aluminium production.

● Rhone-Poulenc—France's premier chemicals group, with declining man-made textiles interests.

● Saint Gobain—a glass, pipe and insulation materials producer, with expanding interests in computers and electronics.

● Thomson Group—a broadly-based electrical products group, strong in armaments and electronics, and dominating the country's household electrics industry.

Among the main banks to be nationalised will be Banque de Paris et des Pays Bas (Paribas) and Banque de l'Indochine et de Suez (Indosuez), the two large investment banking groups; and Credit Commercial de France, the leading private commercial bank.

ig expansion in research work

NG ON civil pro- next year under the nch Socialist regime is by almost 30 per cent. more than 1,500 jobs, st step in a prolonged natic expansion of the research effort.

future goes to plan, will be put back on the created for it during de Gaulle's presidency 60s.

l these changes is a of research which also ck to the 1960s. Like e, the Socialists want ess research to push certain big national nent programmes—on el of the 1960s space lear power projects— ll play a part in achiev- goals of more rapid growth that the has set itself.

t the same time, the ent believes this is best hin a framework which ites the country's funda- esearch with the down- application of new

neans a positive break e immediate past in organisaton. Over the ade, the co-ordinating of Scientific Research, ad a controlling brief e Gaulle, was steadily l and its powers dis- mong a wide number of ng departments.

ain authority effectively rest in the Industry charged, under a Minister. M Andre with a range of indus- velopment projects. But itself had no sponsor- ister at Cabinet level. in decisions seemed to either at the Industry or the Elysee Palace, resident Giscard took a ersonal interest in the

ding to the Socialists, cture reflected too great towards a user concept arch—in other words, technological develop- r a particular applica- M Jean-Pierre Chevene- e new Minister of Research and Technology, argues forcefully that France needs to reinvigorate its fundamental research because it is from there that all technical progress flows. This in turn, he says, is best organised by a powerful central Ministry which has a watching brief over all the main spending departments.

M Chevenement's presence at the head of this ministry is an indication of its importance in the new Socialist scheme of things. A strong supporter of President Francois Mitterrand during the internal party struggles of two years ago, he is now one of the group of five senior ministers in the Government. His role gives him complete control over the spending of various organisations, including the CNRS, the national scientific research institute, while monitoring the expenditure of other departments alongside the responsible ministers.

This structure, the Research Department argues, will reduce overlaps between the work going on in different parts of the administration, while making priority targets clearer. M Chevenement has already indicated that he wants to see special efforts made in biotechnology, micro-electronics and advanced energy systems. In all of these areas, plus robotics, special studies have been launched with the aim of deciding how to develop existing programme.

Over the longer term, the Government is clearly intent on linking this expanded research effort into an integrated national plan. M Chevenement argues, for instance, that part of the reason for West Germany's industrial success lies in the strength of its centralised research planning. In France, the idea is to use the revised planning function, along with the expanded nationalised industry sector, to generate development in specifically chosen areas.

M Chevenement, explaining this linkage in an interview, said France needed to nationalise certain companies to stay in the international league. As private entities, they would gradually become less competitive because of their limited resources.

A new role for M Jean-Pierre Chevenement as Minister of Research

The industries which are already state-owned, along with these companies that are going to be nationalised, account for more than half the industrial research carried out in France. But they will be encouraged to increase their efforts, both by the increased central resources being made available, and by public buying policies. M Chevenement cites the example of French telecommunications to show how centrally-backed research, combined with a clear Government purchasing plan and the selection of national champions, has led to the development of an internationally competitive industry.

Extra Money

Alongside this effort in the nationalised industries, the Research Ministry has set itself a number of other priorities. The first is to revitalise the country's main laboratories with a big re-equipment drive. A great deal of the extra money being made available next year will go into these programmes, necessary, the Government says, because of a marked decline in the quality of laboratory apparatus over the past five years.

Secondly, the ministry is bringing together the two main organisations involved in stimulating industrial research and innovation. These are to be regrouped under its own sponsorship with the aim of boosting activity in applied industrial research, partly as a means to achieve the Socialist target of a reconquest of the domestic market. According to the Government, French industry has fallen behind its main international competitors in many domestic sectors — machine tools is the most frequently quoted example — but could be rescued by a clearly directed research and development policy.

Thirdly, the Government is looking at ways of encouraging innovation in private industry, particularly the small and medium size companies (the PMI). These businesses have been identified as one of the main sources of growth for the French economy. But the Government is aware of the difficulties of diffusing information to them, and of financing high technology developments.

Much of this activity is clearly long-term. But, if the policy is successful, it will mean bringing France up to the level of investment in research enjoyed among the most advanced of its Western competitors.

According to recent figures French research spending, including the military budget, reached its high point of more than 2 per cent of gross national product in 1967. Since then, it has slipped back to run at a fairly constant rate of about 1.8 per cent of GDP during the 1970s. In 1980 it dropped in real terms by almost 2 per cent.

This level of expenditure is lower in relation to GDP than in any of France's leading rivals—the U.S., West Germany, UK and Japan.

Terry Dodsworth

Government changes its tune on arms exports

ONE SPHERE in which the Mitterrand Administration seems to have changed its tune since coming to power is that of arms sales.

The future of the country's important military industry — FFr 25bn ($4.5bn) worth of exports last year, a tenth of the world market, and 5 per cent of all French sales overseas — was called into question by the Socialist election victory and the threat of rigorous moral standards being applied to the weapons France sold, and to whom.

The Socialists' stated aim was that the arms business, all the main components of which were to come under state control, would progressively convert factories to reduce France's reliance on military exports, a sector in which she holds third place behind the U.S. and the Soviet Union.

France, it was said, would stop selling to "fascist or racist" regimes and would not make her living as a "gunrunner."

Apprehension in the industry and among its Middle Eastern and other clients was at its highest during this year's Le Bourget air show, where President Mitterrand bade French manufacturers to remove the weaponry from their aircraft on the day of his visit, and the subsequent Satory exhibit, where the public do not go and where every two years France shows its wares to foreign armies.

Contracts

In the early days of the new Government, the only fresh contract to go through was one for further Mirage fighter supplies to Egypt. But the authorities issued a solemn promise that contracts which had been signed would be honoured.

On the handful of "problem" deals that were outstanding at the time, and which clients saw as a test of the new French policy, the question marks have been lifted in all but one case—that of a Mirage deal with Chile.

Iraq, which had received its first deliveries of Mirages in February, before the election, has since been given assurances that France is ready to sign further contracts.

In June, the Government gave the go-ahead for two naval deliveries that had been frozen—the third in a series of coastal surveillance vessels for Argentina, and the last three out of 12 gunboats for Iran, which had originally been ordered by the Shah.

In July, it lifted an arms ban against Libya, allowing a deal for 10 gunboats, as well as outstanding aircraft and helicopter supplies, to go ahead.

Only three months before, M Mitterrand had scored points off President Giscard in a television debate, over the fact that France had been sending Libya spare missile parts last December, when Libya's intervention in Chad was in full swing.

It was a subtly changed position that M Claude Cheysson, the External Relations Minister, spelt out in an interview in July. The arms export business, he said, was "a necessity."

France had only "some reservations, for instance, about not sending certaian types of arms to certain countries," he said. This meant, for instance, that "a country with an intolerable totalitarian regime should not have French arms that could be used for repression."

Specifically, the Government has said only that it would not sell any kind of armament to South Africa. But that has been the official position anyway since 1977.

It has adjusted its policy to the sector's fourfold importance: in securing both diplomatic and commercial positions (along with public works, arms have been one of the mainstays of France's presence in countries such as Iraq and Saudi Arabia), in keeping up job levels (the arms industry employs some 300,000), and in providing the basis for the development of weapons considered essential to France's own independent defence requirements.

M Charles Hernu, the Defence Minister, was active in trying to soothe the anxieties that had arisen in the immediate post-election period.

The country's own defence budget, projected at FFr 123bn next year, is being kept up in real terms, and the industry, which does a third of its business in exports, is reasonably well set.

Although the change in government has not affected business as much as was feared at first, there is some concern about the level of orders.

Last year foreign orders went up by some 40 per cent to FFr 35bn, and export growth in the past 10 years has been twice as fast in this sector as it has elsewhere. But competition is fierce, particularly with the arrival of new forces in the business such as Brazil.

Last year's export order performance was largely due to big naval deals with Saudi Arabia and Qatar. In the meantime, Dassault, the largely export-oriented aircraft group, saw its total orders drop by a third, from FFr 14bn in 1979 to FFr 9bn in 1980.

Further blow

Australia recently opted for F 18A Hornets from the U.S. to replace its old Mirage IIIs, turning down the new Mirage 2000, and the French also lost out with Venezuela's choice of the U.S. F16. A further blow to the French aerospace sector came with the U.S. decision not to go ahead with buying the Franco-German Roland anti-aircraft missile.

The military export sector is of prime importance to the French air industry, which depends on it for as much as 40 per cent of its activity.

Under the nationalisation programme, the essential parts of both the aerospace and arms industry will all be under State control.

Aérospatiale, the top air group, is already State-owned; the Thomson group, with extensive military activities, particularly through its Thomson-CSF electronics affiliate, comes under the nationalisation law currently going through parliament; the Government, which had planned to buy the missile division of Matra, which also controls the Manurhin small arms company, has opted for the alternative (and, it seems, cheaper) path of taking majority control of the whole Matra group; and it is also taking a majority in Dassault, where it already has a stake.

It aims to keep the two aircraft groups as separate entities and the Dassault team is apparently staying on. The immediate future of Dassault, more successful recently with its civil than its military sales, rests on the Mirage 2000, for which it is in the process of consummating its first export deal with India, and its twin-engined sister, the export-only Mirage 4000, for which it is depending on a partner such as Saudi Arabia to come up with $1bn or so of finance.

Aérospatiale — where Gen Jacques Mitterrand, the President's younger brother, was recently confirmed in his job as chairman — is meanwhile surging ahead on the basis of the joint Airbus programme, Europe's Ariane rocket launcher venture, a booming helicopter division, and missiles.

The company pulled out of a long period in the red two years ago, posted profits of FFr 118m last year, and is thought likly to show a large increase this year. Turnover is currently around FFr 17bn a year and the management is aiming for FFr 24bn in 1984.

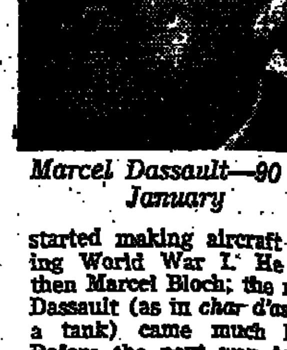
An agreement was recently signed with Aeritalia to go ahead with a small aircraft seating between 42 and (in a stretched version) 60, named the ATR 42, of which it is hoped some 900 will be sold. The passenger version is to be assembled at Aérospatiale's Toulouse bas.

Orders for the Airbus, in which Aérospatiale is the French partner, have now slipped past the 500 mark, including options. The next-generation A320, competing in the 150-seat range with rivals from Boeing and McDonnell-Douglas/Fokker, has already been provisionally ordered by Air France.

After the sad end of the Concorde saga, Airbus Industrie's success now plays a large part in the flourishing image of the French aerospace sector. To the Government, it is particularly important at this time that nationalised industry can be seen to work.

David White

Dassault's gift to the nation



Marcel Dassault—90 in January

The gesture of a business magnate who, facing nationalisation for the second time in his life, graciously offers his shares as a gift to the state may appear rather extraordinary; or just eccentric; or sentimental. But M Marcel Dassault is that kind of man.

The maker of France's best-selling Mirage fighter series, by donating 26 per cent of the stock, worth about $250m, has enabled the Government to build up a majority of voting rights in his aircraft company without spending a centime.

This comes from a man who, re-elected with customary ease in June for a National Assembly seat in the Oise region north of Paris, is now part of the Opposition.

As the doyen of the Assembly—M Dassault will be 90 in January—it was his job to make the opening speech in the new parliament. In similar vein to the one he made on the last occasion three years earlier, it was largely about supporting exports.

During the election campaign he had paid for a series of curious full-page advertisements in the national Press. Under a photograph of himself, there would be little dialogues between ordinary Frenchmen, touching on some problem or opportunity, and headed "At the Café du Commerce" or "At the café over the road." It became almost a French equivalent to The Archers.

M Dassault had taken this original approach before. He took space to launch his ideas for an arts and crafts revival based on a "Fifth Republic style" and earlier, in the thick of the 1978 general election battle, to plead for the conservation of country churches.

An engineer by training, he started making aircraft during World War I. He was then Marcel Bloch; the name Dassault (as in *char d'assaut*, a tank) came much later. Before the next war Avions Marcel Bloch was nationalised; during the war he was deported to Buchenwald.

After the war he became a Gaullist, starting his parliamentary career in 1951. But while he gained a reputation as the chief paymaster of the Gaullist movement, his politics were a colourful mix. A Radical Socialist in youth, he was close to the Communist Air and Industrial Production Ministers in the post-war coalition.

Fabulously wealthy himself, he once proposed a wealth tax to finance new factories in the depressed regions of northern and eastern France.

He always knew that Avions Marcel Dassault — Breguet Aviation, as a main defence supplier, would be nationalised one day. The Giscard Government had already taken 20 per cent, with double voting rights.

But M Dassault still keeps his holding company, Société Centrale d'Etudes Marcel Dassault, which for the time being is 49 per cent partner in the aircraft concern. It also controls his pet motorcycle interests and more besides: not least, the right to a 3 per cent licence fee on Dassault aircraft sales. And M Dassault is being kept on in the main business—at his own request, as a "technical adviser."

David White

Rapid progress in telecommunications

ONE OF the outstanding industrial achievements of the last French administration was the development of the telecommunications sector. By the end of 1980, there were 17m telephone lines installed in France. Seven years before, when President Giscard d'Estaing was elected, the country had only 6.2m lines, and the quality of the service was so bad that it had become a standard butt for music hall jokes.

The change was achieved by a single-minded investment effort, based on a total political commitment to give priority to the industry. Behind the development was the notion that France could jump into the next generation of telephone exchange technology with a sustained programme of public ordering and publicly-backed research.

By giving industrialists the promise of real and continuing volume, the industry was geared up to produce a quantum leap forward which at the same time created jobs for backward regions.

As a spin-off, France achieved the technical advances which allowed the main manufacturer to start competing in international markets for the first time.

Towards the end of President Giscard's period in office, however, criticism began to be raised against the speed and direction of changes in the service. The Direction Generale des Telecommunicationes (DGT), the organisation which controls the public telephone service, was increasingly accused of authoritarianism, pushing through programmes without consulting Parliament.

Its decision to go into an all-out expansion of telephone and television linked information systems came in for particular attack. Many Parliamentarians, not only on the left wing, began to question the impact of the information explosion on privacy and normal democratic processes.

These issues have dominated the changeover period following the election of the Socialist Government. Predictably, one of the first measures of the new administration was replace the former head of the DGT, M Gerard Thery, because of his close association with the Giscardian policies.

The Socialists have also promised a wide-ranging debate on telecommunications, along with more emphasis on the public service aspects of any new programmes.

In addition, the Post and Telecommunications Ministry (PTT), which controls the whole of the post and telephone network, is intending to invest more in the neglected and heavily loss-making postal services.

In a direct industrial sense, however, the most important decision of the new Government has been to dip into the sizeable profits run up by the telecommunications service to help finance part of the budget deficit.

In the past, the PTT has been run under a completely separate financial regime. It makes its own borrowings on the national and international capital markets, and has recently generated sufficient profits to finance its heavy investment programme without increasing its overall indebtedness.

The new Government, however, is to siphon off FFr 3.2bn ($571m) next year in an "exceptional" measure seen as the PTT's contribution to the fight against unemployment. This will have a direct impact on the organisation's financing mechanism, since it is reckoned that its ability to fund its own capital investment programmes will thereby fall to around FFr 22bn.

Even with the relatively modest (for the PTT) capital investment programme of FFr 28bn, the organisation will have to fill the FFr 6bn gap through borrowings.

Protests

The PTT has privately protested strongly to the Prime Minister for this encroachment on its finances. But the danger lies in a long-term switch to such measures by the Treasury. Although capital spending is only rising next year by about 10 per cent, it is still high by European standards ($5bn as compared with $3.1bn in the UK).

Between 1.7m and 2m new lines should be installed, and the DGT says it is still on target for 28m lines by 1985. This will mean that about 90 per cent of French homes will be connected up to the telephone by that date, against only 20 per cent at the beginning of the 1970s and 68 per cent last year.

Clearly, the PTT is hoping that the "exceptional" Treasury offtake will be abandoned in 1983 and that it will be able to return to its traditional independent financial situation. But in the meantime, it is pressing ahead with the introduction of new information systems, which will see investments increase by about 30 per cent next year to FFr 600m.

The main items in this new technology include the following:

● The teletel service, designed to link subscribers to central data banks via a combination of telephones, televisions, special screens and keyboards.

Last June, the first big experiment with this technology went into operation at Velizy near Paris, where 2,500 subscribers have been hooked up to a system to which about 170 organisations are providing information ranging from train and air timetables to Paris entertainment, mail order and travel bookings.

One of the fundamental principles of the teletel design is flexibility. Its central feature is the interactive videotex system which allows subscribers to ask quite complex questions using a relatively large keyboard.

This information is transmitted via the telephone lines either to an ordinary television or to a specially-designed screen. But the system is adaptable to receiving the so-called Antiope service in which information is broadcast (rather than transmitted by telephone) on a selected channel to be received on television screens.

● The electronic telephone directory, designed to replace the normal paper variety and save the costs of conventional production and distribution.

A limited preliminary experiment has taken place not too successfully, with this system, which subscribers apparently found quite difficult to work. But further steps are due to be taken next year, starting in an experiment at Ille et Vilaine in Brittany, with the long-term aim of 30m electronic directories in service by 1992.

● Optical fibres are also now being laid in two separate experiments designed to gain experience within both an urban and inter-city communications network.

As elsewhere in Europe, the idea is to develop the technology (two French companies, CIT-Alcatel and Thomson Brandt, are involved) with the aim of converting the entire network to a process capable of carrying much more information.

● Other plans involve the introduction of public and private telecopy facsimile machines for copying and transmitting documents, the teletex typewriting machine with a screen which can be used in the home; and the Telecom 1 telecommunication satellite which will be used to give commercial subscribers a high volume communications link.

Terry Dodsworth

›tructural changes in the steel industry

E is one sector of ınufacturing in which ısputably be said that ıtion changes virtually ı itself it is the steel

978 reconstruction, under the liberal nt, led by M Raymond former Prime Minisresented as though it industry as a selfg entity free from rference. But it was ssary to add up the ıons held by the state ıs — the Government ə nationalised banks centrally-run financial ons—to see who was control.

ructure is now being a Bill which will end oendence fiction and y nationalise the two ompanies, Usinor and y the simple process erting all existing mt and para-state o capital. The state emerge with about 95 of the two groups, gether account for 0 per cent of French ɔut.

ıappens after that is anyone's guess. ıationalisation will not magic wand over the and solve its problems

ate is faced with a g heavy financial burear in the steel comɔth of which are losing money hand over fist and will be hard put to stop the haemorrhage. It also has to answer burning questions about the half-finished reorganisation of the special steels sector, additional investments, the management of the companies and further possible cut-backs.

The one reassuring factor for the new Government is that the main surgery has already taken place, trimming about 30,000 jobs from the two big companies over the past two years. A programme of similar dimensions would have been extremely difficult to envisage under a Socialist administration, given its commitment to reducing unemployment and taking measures to shore up the declining industries.

Targets

At the same time, the industry has more or less achieved its combined targets of closures and new investment, despite the union opposition and heavy social costs involved. As the work force has come down from 130,000 to 100,000, two main steel producing centres — Longwy in Lorraine, and Denain in the north—have been devastated. Their old and inefficient plants have gone, taking with them most of the steel-making capacity in the townships. New investment has gone elsewhere, in the effort to modernise and streamline the industry.

The effect of these changes has been to create a slimmed-down industry — theoretical capacity *now probably stands at* around 29m tonnes as against 32m tonnes—which the French believe to be among the most competitive in Europe. According to figures recently published by the Steelmarkers' Association, one tonne of steel took only 7.1 man hours to produce on average in 1980, an improvement of 34 per cent on the level achieved in 1976.

This figure also represented a sharp 11 per cent increase in productivity levels compared with 1979, an indication of the rapid impact the last reorganisation has had on the industry. It places France among the leaders in the European industry, the association says, a little behind Belgium but slightly in front of Luxembourg.

On the comparison with West Germany, the most commonly-used target in France, the French steelworks are still a little behind. In the same period the West German industry produced at the rate of 6.8 man hours per tonne. But the Association stresses that French producers did better than West Germany in the first quarter of 1980, and have virtually closed a gap that was fairly substantial (2.5 man hours a tonne) only five years ago.

In addition, the Association emphasises that some individual plants are now achieving well over the average figure. The country's two big integrated coastal plants, at Dunkirk and Fos, near Marseilles, for *instance, are both now achieving* basic production rates of 3 man hours a tonne. This, it says, "is one of the best, if not the best, figures in Europe, and of the same order as the Japanese productivity."

Good fortune

These statistics indicate that the Socialists have had the good fortune to inherit a much sounder production base in the industry than might have been thought possible three years ago. Although some analysts suggest that further substantial *cuts are advisable*, the industry itself argues that it will only need some additional reorganisations in limited sectors. The really big shake-out has now been completed, it believes.

The financial structure of the industry, on the other hand, remains an enormous headache. Described recently by Fortune magazine as the most heavily indebted companies in the world, the two French groups have been staggering for the last few years under a mountain of debt.

Even after the 1978 reconstruction, which involved the State taking on many of the long-term debts with no real promise of return on them, financing costs are still running high, amounting to between a third and a half of the industry's losses this year. The economic slump and the strength of steel prices is combining with this shaky financial base to push the industry into unprecedented losses.

It is reckoned that by the end of this year, when both Usinor and Sacilor were expecting to be back to break-even point, if not making profits, they will run up a combined loss of at least FFr 5bn ($893m).

In the first half of this year, Usinor reported losses of FFr 1.5bn, well over the figure it recorded in the whole of 1980, and Sacilor had a deficit of FFr 820m, expected to grow to at least FFr 2bn by the end of the year.

These financial problems suggest that the new Government will be forced to continue with some sort of financial assistance to the steel industry

Although the planned 12.5 per cent European price increase, due in January, will undoubtedly go some way towards restoring finances, raw material costs are rising equally quickly

What the steel companies need is a combination of better prices and an upturn in the market sufficient to push them well above their present output levels—at a production of about *21.2m tonnes this year, the in*dustry is working at less than 70 per cent of capacity.

Next year, the French are expecting a production increase of only about 1m tonnes at best. Against this background, M Claude Etchegaray, the Usinor chairman, has already said that the company expects to have to wait two years before returning to profits; and the situation can scarcely be better for Sacilor.

As far as the structure of the industry is concerned, the Government appears to have answered the major question of whether there should be a merger of Usinor and Sacilor with a resounding "no." This possibility has frequently been mooted on the Left and elsewhere.

It would be relatively easy to make a single holding group for the two groups because of their comparable organisations, *while it is often argued that* industrially neither concern is of the ideal size to compete in world markets.

Key factors

The Government's attitude seems to have been determined *by two main factors. First,* is *the belief that* the creation of any national monopoly organisation in an internationally competitive market like steel leads to an immediate and substantial loss of share in the home market.

M Jacques Mayoux, the head of Sacilor, has suggested that this switch to overseas producers, basically for security of supply reasons, could be as high as 20 per cent.

Given the French Government's attempts to win back the domestic market in capital goods, this has been a powerful argument in favour of keeping *things as they are*.

The second reason is the enormous managerial problem caused by big mergers of this kind. The French clearly feel that the industry has already absorbed as much restructuring as it can reasonably take without a further, traumatic drop in morale.

Another structural question, however, is still very much undecided. This concerns the future of the large special steels companies, Ugine Aciers and Metallurgique de *Normandie*, which remain out of the orbit of the natonalised sector.

Both of these companies are candidates for take-over by one of the bigger groups. Indeed, the question of Ugine Aciers, a subsidiary of the diversified Pechinery Ugine Kuhlmann group, has been under discussion for the best part of two years, and there have been well *developed plans for its take-*over by Sacilor. Both of the big groups are intent on increasing their presence in special steels as they move away from the less elaborate and low value-added long products.

The first steps were taken in this direction by Sacilor with its take-over of Pompey, and Usinor with the State-backed *acquisition of Creusot-Loire's* lossmaking special steels subsidiary, last year.

The Creusot Loire take-over, aided by FFr 500m of soft subordinated loans, a sort of French financing instrument which ranks almost as equity, was expected to set the scene for a similar move by Sacilor for Ugine, also in a difficult financial position.

Decisions on these questions are now awaiting the end of *discussions of the nationalisa*tion project in Parliament. After that, the whole of the industry is to be *plunged*, early next year, into a round table discussion on its future. This will involve questions working conditions, as well as the commercial and financial position of the compaines.

The Government must be hoping fervently that it *reaches some clear policy de*cisions as well as ventilating the frustrations built up in the steel industry's long period in the wilderness.

Terry Dodsworth

STEEL INDUSTRY PRODUCTION

Figures in thousands of tonnes

	1974	1979	1980
Imports	7,700	8,321	7,614
Exports	8.628	9,113	9,327
Production	27,023	23,360	23,176
No. of employees	157,629	120,325	104,830
			(end-year figures)

Source: French Steel Industry Association

David Housego looks at the President's 'great task' of loosening the hold that Paris has on the rest of the country

ʌlany hurdles in the way of decentralisation programme

President Mitterrand in giving France the isation that sucessive since 1789 have d but to little avail? gislation preparing the or what the President d "the great task" of n-year term has yet to ıll the constitutional before it can become

he Bill that sets out a red system of provinvernment that would 'aris' hold on the rest untry is something like a house without the It fails to say what l powers will be given 413 communes, the 95 nts, or the 22 regions ke up metropolitan Nor does it say what l financial resources w authorities will get vision of responsibili- the allocation of resources are to be in two further pieces ation which are uno be through the Assembly and the efore well into 1983. ıs to say, this techlegislation by salami s come under attack sembly and been more y condemned in the depriving the measure nce. ıate, where the opposia majority, is elected through local and l assemblies and therefore has a special responbility in representing them. As more strongly reflecting rural France it also feels a duty to put the claims of the villages before a Socialist Government whose electoral support is predominantly urban.

As with nationalisation, the Government has given the impression of having plunged into a decentralisation bill without having fully taken stock of the course. Without a solid majority in the National Assembly, this is a risk that would have been impossible. As it is, an important aim of the bill initiated by M Gaston Defferre, the Minister for the Interior, has been to lay down markers, that, on this issue, the Government is determined to live up to its election pledges.

The French are so widely in favour of more devolution of power—only a few voices have denounced the measure as threatening national unity by encouraging regionalist sentiment in areas like Corsica, Brittany or the South West—that it remains surprising that earlier attempts to loosen the control of Paris have been so unsuccessful.

But the Girondins lost out to the centralising Montagnards during the French Revolution: the provincial government reforms of 1871 and 1884 changed relatively little: and Presidents de Gaulle, Pompidou and Giscard d'Estaing, taking up the cause after 1958, were richer in promises than actually devolving power.

Marseilles, M Defferre's own barony over which he long presided as mayor, has won some sort of independence from Paris. So has Lyon, by force of its economic power and by its central position as a cross-roads between France, Germany, Italy and Switzerland. But the fact still remains that most banks and large companies still retain their head offices in Paris close to the government.

Part of the "great task" that President Mitterrand has in mind is to reverse this process with a view to the building up of regional institutions that would really change the map of France.

In part, the very size of the project raises sceptical eyebrows outside Paris. But also, in practice, it is likely to prove difficult to run against the centralising pressures of nationalisation or of the radicals and Communists within the government.

Authority

The immediate effect of M Deferre's bill is to remove the préfet's powers of prior veto over the actions of a commune or a département and to place full executive authority in the hands of the mayor or presi*dent of the conseil général.*

The préfet was in the words of Jean-Emile Vié, one of the old school of vice-regal préfets, and honorary president of the association, the Government's representative in the département and also the executive authority for the area. He drew *up the budget, negotiated with* Paris, apportioned expenditures, took charge of the repairs of the roads and, if he had the confidence of a de Gaulle or a Pompidou, could send the elected councillors packing.

In practice, his powers of lording it over the department have been cut back over the past 10 years and wise préfets have used consultation in their handling of the mayors and conseils généraux.

The préfet now (tentatively) become a Commissaire de la Republique, retaining the regalia, offices and residence of the Government's representative in the provinces—and in a great many cases probably some of the substance of his former role.

For if the mayors of large towns (M Jacques Chirac, in Paris, for instance) have reason to chide at the powers of the préfet, a large number of France's 36,000 mayors in charge of small villages have nowhere else to look for help. They have not the administrative staff to prepare plans for the enlargement of schools or the laying down of sewers.

M Georges Berchet, Senator *for the Haute-Marne, says that* in a rural area the préfets' powers took more the form of administrative assistance and a precautionary safeguard. Mayors "often sought it as a way of protecting themselves from unwelcome lobbying."

Mayors, and at département level, *the presidents of the* conseils généraux, now face the full blast of responsibility on their own.

More alarming still, for some of them, is that if there is no prior check on their action they can face sanction afterwards at the hands of a judicial tribunal *or a disciplinary financial body.* The latter has the power to impose fines for financial abuses committed during their tenure of office or to recommend their dismissal.

Also a source of confusion in the new structure of provincial government is the potentially overlapping authority of commune, département and region. The bill provides for the first time for directly elected assemblies for France's regions..

The regions reflect broadly differing cultural backgrounds and the Government's intention is that the new assemblies should have an active role in national planning and the economic development of their area. But it is still far from clear what their role should be.

Meanwhile, with three tiers of provincial government, jealousies are already breaking out between commune, département and regional authorities and queries are being raised as to whether the whole structure is too unwieldy.

The regional authorities are to be given the authority to assist firms in difficulty—something that industry tends to regard with mixed feelings as adding to pressures against restructuring if this should involve the loss of jobs.

Mayors are also being given the legal right to be heard over local issues of employment through a clause in the bill that permits elected officials to protect "the economic interests of their population."

As unemployment has grown in France, a number of mayors have become increasingly active over rescuing firms faced with closure — notable examples have been the close involvement of the mayor of St Etienne in salvaging Manufrance and that of Besancon in rescuing what remained of Lip.

The energetic mayor of Roubaix, Pierre Prouvost, has since 1976 run an industrial office with the task of creating an economic strategy for the town.

But, in the last resort, it will not be known how much authority Paris is willing to delegate to the provinces and with what financial muscle the new provincial powers will be armed until the two further decentralisation bills are published. Mayors, presidents of conseils généraux and the préfets are really in the dark until then on what changes are in store.

Anger among farmers

NOBODY COULD claim that the *charming Mme Edith Cresson*, the first woman incumbent in the French Ministry of Agriculture, has been given an easy task in her first six months.

During that time she has had to cope with a near-revolt among the militant wine-growers of the Midi, panic among fruit-farmers, *two months of tough price talks* with milk producers and the looming and still unsolved issue of how, or how not, to reform Europe's costly agricultural policy.

In the next few days she faces the second round of the annual conference with farmers' repre*sentatives, seeking redress for* a loss of revenue which they claim may be as much as FFr 8bn or FFr 9bn, wtice as much as last year.

In the public view these questions overshadow the more positive aspects of agriculture in France, such as the booming trade surplus or even the quality—reckoned to be excellent—of this year's claret.

The farmers' lobby is still a powerful force in France, even though, as the sector becomes progressively more concentrated and specialised, its numbers *shrink from year to year*. The number of cattle-farmers, for instance, has dropped 30 per cent in the last decade while the size of the herd has increased.

Among this population of some 860,000 full-timers, the left has managed to make considerable inroads into broadly *conservative traditions, even in* the rural Catholic heartland of Brittany. But the other side of the coin is that the Socialist Government now has certain expectations to fulfil, and the farmers are the last people it can count on for patience.

The demonstration of this *came in the spectacular protest* movement organised by the vignerons of Languedoc against Italian imports, causing severe embarrassment to a government for which they had, only weeks before, overwhelmingly voted.

Farm issues—as has been the case in left-wing Languedoc *since before the First World* War—are often good rallying points for regional feelings. Malcontent farmers are hardly short of political backers; in the Midi the Communist Party moved in quickly to steal a march on its Socialist allies. "Despite the political changes that have taken place in our country the seasons remain," one of its women deputies told the National Assembly.

Mme Cresson's predecessor, M Pierre Mahaignerie, has recently moved into the fray, taking up the farmers' cause on *behalf of the centre-right oppo*sition.

The Government is having to follow up on the FFr 4bn handed out in stop-gap aid at the end of last year to the outrage of France's EEC partners. It has already set aside

CONTINUED ON NEXT PAGE

David White examines the changing mood in the area of labour relations

Enhanced role for trade unions

PRESIDENT MITTERRAND'S election and the formation of a broadly based left-wing Government brought an automatic truce on the labour front. Material benefits, such as a higher minimum wage, were among the first pledges to be fulfilled, and the trade unions were promised an enhanced role in France's "new labour relations."

The peace, in principle, is still in force, but has been broken so many times in recent weeks that its validity may be called into question.

The conflicts that have broken out stem from a variety of localised disputes. Strikes in car factories, banks, employment agencies and the state power board have coincided with tough but isolated guerrilla actions—such as the seizing of managers—in different branches in various parts of the country.

The more alarmist commentators point out that it was spontaneous skirmishes of this kind that set light to the great labour "explosions" of 1936, after the Popular Front's election victory, or of 1968.

But there is today no sign of a national mobilisation, and least of all of a united union movement. Indeed, the conflicts have posed as many risks for the trade unions themselves as they have for the Government, by exposing their weaknesses and divisions.

Fragmentation

French unionism is characterised by its fragmentation—with rival national confederations existing side by side, each with its metalworkers' branch and its train drivers' branch and so on—and by its feeble numbers (teachers excepted) compared with other Western European countries. Less than a quarter of the workforce hold union cards.

The Socialist tradition which has now shown such a remarkable resurgence in France on the political level is largely separate from the union tradition; it did not grow out of it as in Britain.

To find a parallel for interlinked union and party power one has to go to the Communist Party, a good part of whose membership comes from the Confédération Generale du Travail (CGT), France's oldest and biggest labour body: a Communist Party which is also going through a crisis of support.

The economic difficulties of recent years have not helped the unions, with increased numbers out of work—the official register of job-seekers reached 2m for the first time last month—or engaged in temporary or part-time jobs. In the places where their traditional audience lies, there are also many more young people, immigrants and women.

The recent conflicts have often been started by non-unionised workers, with the unions latching on as a means of backing their wider campaigns. This tactic carries its risks. Strike movements among unskilled workers pose a particular dilemma for the CGT, which has to make sure of keeping the support of its traditional skilled-worker membership.

The recent Renault strike, which paralysed part of the output at the state-owned group's main Boulogne - Billancourt works outside Paris, provided a good illustration of this quandary.

The plant is a CGT power base, many great battles having been waged there. The dispute was very much in the public eye—a test of how the Government would behave with companies in, and being brought into, the public sector. For the CGT, like its main rival the CFDT, it provided a useful opportunity.

But it was evident that the grievances at the source of the dispute were not those of the CGT's wider platform—such as workers' rights in state enterprise. The workshop in question employed mainly North Africans and Yugoslavs, impatient for improvements in wages, conditions and career prospects.

The CGT appeared unwilling to see the dispute develop, and angry scenes ensued between the two unions over the return to work; the CGT's main objective being to get global negotiations under way.

The CGT has concentrated its fire on the state sector—for instance at the Pechiney aluminium group, currently in the process of being nationalised. Other unions regard its tactics with suspicion, seeing in them a single-minded effort to ensure that its men are placed in key representative positions when the new public enterprise statutes come into force.

Inter-union rivalry, far from being mitigated by the Left's political success has, if anything, worsened. The last few weeks have been marked by the combative posture adopted by M Edmond Maire's CFDT, a Socialist-leaning union with many friends in Government, but also with a strong far-Left faction.

Many in the CFDT are clearly not overly enamoured with the state takeover programme, which is a long way from the worker-control ideals which have formed a kind of ideological base for the union in the past 10 years.

M Maire's decision to stick his neck out and criticise the Government's record is aimed at counteracting suspicions that he would be a tame partner. It also reflects a certain amount of opportunism, in making a display of independence in the knowledge that its larger rival, the CGT, is unwilling to stray too far from the Communist Party, itself engaged in the Government coalition and apparently intent on staying there.

The CGT's loyalty in this respect has gone so far as accusing other unions of fomenting Leftist minority protests.

The CGT's alignment with the Communists is expected to be reinforced when M Henri Krasucki, currently number two, takes over the leadership from M Georges Segny next June. Recent developments have increased the bitterness between the CGT and its post-war splinter, Force Ouvriee, led by the Socialist M Andre Bergeron, who is very much opposed to having Communist ministers and thinks the Government is being too "precipitate."

The unions have been trying to outbid each other in branch-by-branch negotiations on working hours.

The Government is drawing up legislation on workers' rights which go part of the way towards the unions' demands: stopping short of the "workshop councils" now proposed by both the main unions, or of vetos on redundancies, but improving the process of collective bargaining and increasing the powers of works committees and their access to company information.

Along with a shorter working week and earlier retirement, that is what the Government is offering, in effect, in exchange for wage moderation. The Government is hoping to gain acceptance for a system by which wages would be indexed to the planned level of inflation—the current aim is 10 per cent—and would only be pushed higher if and when prices got out of line.

The first real pay test, in the civil service, was judged a success for the forces of moderation, with a basic total increase for the year of 11 per cent.

Although the two main union bodies have taken care to distance themselves from the Government—the CGT delivering a blistering attack the other week on the raising of social security levies— the "new labour relations" can still be considered to be in place.

How long a real confrontation can be avoided is a matter for speculation; impatience over living standards may take time to come to a head; on the other hand it is hard to see the large-scale redundancies expected in the steel industry and the Agache-Willot textile group being pushed through without a fight.

In France one has to take account not only of what the unions might do, but what might happen, in spite of them.

Farmers push the iron fences as they demonstrate outside the European Parliament building. More than 5,000 farmers from France and other EEC countries gathered at Strasbourg during the European Parliament General Assembly to protest over the agricultural scale price

PROFILE of Lionel Jospin who typifies the new crop of Socialist MPs who now dominate the National Assembly

Image of forceful enthusiasm

AT Socialist Party headquarters on the night of May 10 a sweating, beaming M Lionel Jospin—up to that moment just filling in for M François Mitterrand as party chief—went in front of the TV cameras to make the first proclamation of victory in the Presidential election.

Two days later he was back giving classes on the monetary crisis and on the role of the State in the economy at a technology institute in a quiet southern Paris suburb.

As a teacher he typifies the new crop of Socialist MPs who now dominate the National Assembly. As a product of the Ecole Nationale d'Administration, the nursery of top French civil servants since the war, he also typifies the fact that a certain élite has not lost its supremacy. Equally, at the age of 44, with barely 10 years in politics, he typifies the rejuvenation that has taken place in the French Socialist movement under M Mitterrand.

M Jospin, after a meteoric rise in the party, was made first secretary in January when M Mitterrand went on his third campaign trail. Not joining until after the 1971 Epinay congress, when the Socialist Party was established in its present form, he had risen to number two position in 1979, replacing M Pierre Mauroy, who was then in the camp of the moderate minority.

Lionel Jospin, First Secretary of the Socialist Party

Now M Mauroy, as Prime Minister, and M Jospin are the two midfield players in the Mitterrand team.

The problems he faces are evident: that of running a party without M Mitterrand, who as President is removed from the low world of party politics; that of keeping together a political movement whose main distinguishing feature, as he himself puts it, is that of being an "amalgam"; and that of maintaining a degree of independence while supporting the Government. Not all Socialists have got used to the idea of being in power.

Victory has inevitably strengthened their ranks, with membership shooting up by 40 per cent. But M Jospin, at the head of a leadership which, since the party's congress at Valence in October, brings together all four of its main factions, insists that "the party is not the state." Rather, with respect to a Government which is a coalition of Socialists, Communists and Left-wing moderates, "we must be the guardians of the programme, reminding the Government of the programme, and fighting for it in the country, because it is our programme."

Until last year, when M. Jospin met M. Georges Marchais, the irrepressible Communist leader, in a television debate on the history of the French Left, he was virtually unknown to the French public. Even now the chief of the biggest political force in the country has still to make the local edition of Who's Who.

David White

Farmers angry

CONTINUED FROM PREVIOUS PAGE

FFr 200m for urgent problem cases. Decisions on aid details are due to come out of the annual conference, but the Government is clearly determined that the wealthier farmers should this time get less than their share of the cake.

One advantage of the recent aids is that farmers have been obliged for the first time to give an accurate account of their earnings. The Government hopes to use these figures as the basis of a more effective tax system — farmers are notorious for the tax they do not pay—which will go along with its efforts to create greater equality and a better distribution of land.

The average French farmer has little to show on paper for the progress of French agriculture in recent years. The country's trade balance in farm products has recovered spectacularly since 1979. Last year showed a FFr 16bn surplus. In the first half of this year the surplus had already passed FFr 14bn, with a 27 per cent rise in exports and for the first time a favourable balance with non-EEC countries.

But despite productivity increases average earnings have stagnated. Official figures showed a 6 per cent drop in real terms last year. An authoritative study just published shows clearly the relative situation of the farmer compared to other categories of Frenchman. On an index base of 100 in 1970 average earnings for an industrial worker reached 136 in 1980. Workers employed on farms were being paid 157. Farmers themselves were at 101.

The continuing complaint among French farmers is that their costs are increasing much faster—15 per cent last year—than in West Germany, and are therefore not reflected in EEC guaranteed price adjustments.

Following the recent realignment of the European Monetary System, they had to content themselves with a 1.5 per cent domestic price increase, half the level of the franc's devaluation.

The case the French authorities are taking to Brussels contains a mix of old principles and new ideas. They want above all to defend job levels, to work out a price policy that would give greater equality in revenues, to keep output in line with domestic and export market outlets, and to ensure that hallowed principles such as—and above all—Community preference are respected. They are taking a strong line on the question of imported cereal substitutes used for foodstuff.

Among the Government's main proposals is a degressive price system, applying particularly to cereal and dairy producers—or, if this is unacceptable, a modulated tax scheme.

But the principle of a quantum price system—one price up to a certain production level, a lower one above that—is firmly opposed by the main French farmers' union organisation, the FNSEA. It says the scheme is anti-expansion.

This powerful body, which acts as umbrella for a series of national associations and claims 700,000 members, has not hidden its resentment at being denied the privileged position it enjoyed before the left came to power. Long used to acting as the profession's sole representative in discussions with the Government (and having seen its last leader, M Michel Debatisse, become a minister in the Giscard administration), it has now been told to make room at the negotiating table for other farmers' bodies, including the Communist-leaning Movement for the Defence of Family Farms.

Government spending plans in a 1982 budget in most respects look much the same as the one before it. But they show a few changes in emphasis, such as increased support for livestock farmers, aid for land purchases, and funds for setting up special boards for wine and for fruit and vegetables. This year's mini-crises showed up the need for better-organised marketing, and that is one area in which the new Government—without having to arm-wrestle in Brussels — can certainly get something done.

David White

THE CROSBY BY-ELECTION

A star on the bandwagon

By Elinor Goodman, Political Correspondent

Canvassing for the SDP at Crosby: Mr Roy Jenkins, Mr William Rodgers (centre) and the candidate, Mrs Shirley Williams

HE last few days, the atives have been brac- mselves for the worst in w's by-election at Publicly, the Tories insisting that they have e of holding the seat. hind the scenes, just as run-up to last month's ion in Croydon, senior atives are already recon- the possibility of defeat. ve been going round nster trying to discount ortance of a victory for irley Williams and the Democrat-Liberal Alli- ven before it happens.

loxically, one of the few hings to emerge from has otherwise been a dismal campaign from ies' point of view is that tions of the Tory candi- e now so low that the vould be able to present the seat, even by a tiny y, as a resounding

pinion polls all put Mrs s firmly in the lead. ere is still a possibility ey will be proved wrong. after yesterday's Mori the Daily Express, show- s Williams 13 per cent some SDP workers were that the "don't who they reckon still t for just under 30 per f the electorate, could balance in favour of the

ainly, not all the ds of people who have ed into her public meet- ave been convinced by illiams. Among the com- , who travel into Liver- each day, you still find erable resistance to her. still really a Socialist," tell you, unconsciously g the main theme of the campaign against her.

with the experience of ngton and Croydon to on, Conservative Central knows only too well that lliance bandwagon has a of accelerating in the last days of a campaign. On form, therefore, Mrs ams looks set to win y and so become the first lected as a Social Demo- albeit on a joint SDP/ al Alliance ticket.

m the moment Mrs ams declared her willing- to fight the seat, Crosby never quite such a long or the SDP as it looked er, with its majority of Though it ranks around 420th on the SDP's list of "winnable" seats, Mrs Williams would win it if she could repeat the swing which swept Mr Bill Pitt into Westminster at Croydon in a three-cornered fight. But, in psychological terms, the loss of Crosby would be far more damaging to Tory morale than their failure to hold onto the marginal seat of Croydon North-West: comparable, in fact, to the effect which trailing third in Croydon had on Labour.

At the 1979 election, the Tories took 56.9 per cent of the vote at Crosby, compared with Labour's share of 25.4 per cent and only 15.2 per cent for the Liberals.

Nevertheless, if they do perform badly tomorrow, the Conservatives will undoubtedly try to cheer their own supporters up by blaming the result on the usual mid-term blues. They will also, no doubt, claim that the result only has limited relevance elsewhere because Mrs Williams, as a former Cabinet Minister and star of the SDP leadership, is a quite exceptional candidate.

Yesterday's Mori poll suggested that Mrs Williams was herself worth 2,000 or so votes for the SDP, and she certainly has been an enormous asset to the campaign. Because she was already known by the great majority of voters, there has been no need to do much of the preliminary groundwork that goes into establishing a candidate's identity at the beginning of the campaign.

Throughout, Mrs Williams has been very visible, packing people into public meetings, running her own advice centres almost as if she were the MP defending the seat, and dashing, slightly crumpled, through the rain to reach her next appointment

But, according to the Mori poll, even without Mrs Williams the SDP would romp home with a majority of 4,000. The Tories may, therefore, try to put the blame elsewhere if the result is very bad. Though a win for Mrs Williams would only confirm the standing of the Social Democrats in the national opinion polls, there are already signs that the Tory candidate in Crosby, Mr John Butcher, is being set up as a scapegoat.

Mr Butcher, a 39-year-old accountant, certainly has not turned out to be a very good candidate. He is the kind of good-looking moderately competent, slightly right-wing candidate which Conservative Central Office seem to turn out by the dozen. At general elections, they manage adequately, but by-elections bring a special form of torture for candidates in the way of daily Press conferences. Mr Butcher had great difficulty with these.

But if Mr Butcher made a mess of handling the Press, he was nothing if not loyal to the Prime Minister.

To begin with at least, Mr Butcher went into very little detail about his policies, even though one of his main criticisms of Mrs Williams was that she lacked clear policies. But his message went down well among that section of the Tory faithful who, like Mrs Thatcher, still believe that "There Is No Alternative," and think that England has had it too soft for too long. But it does not seem to have impressed some of the younger voters, who supported the Conservatives in 1979, and are, even in Crosby, feeling the pinch of Government policies.

The other prong of his attack was to brand Mrs Williams as a repackaged socialist and to try to divert her from her attack on the Government by what she called "the Tory red herring." Foremost among these was the Tories' claim that Mrs Williams still stood for the abolition of public schools.

The constituency contains three much-respected public schools, and at the beginning of the campaign it looked as if the issue could be a real problem for Mrs Williams. Some people still say they will not vote for Mrs Williams because of her views on private schools, but she seems to have succeeded in taking some of the heat out of the issue by insisting that while she, personally, regards public schools as socially divisive, SDP policy is merely to review their charitable status and see if ways can be found of integrating them with the state sector.

The Tories also tried to exploit Mrs Williams' appearance on the picket line at Grunwick. That almost certainly struck a chord among former Tory voters, who at the beginning of the campaign were very open to suggestions that Mrs Williams was still a socialist at heart. But the attack rebounded on the Conservatives.

Mr Bowen Wells — who as her conqueror in 1979 at Hertford and Stevenage, was brought in to show Mr Butcher how it was done — ended up having to withdraw suggestions that Mrs Williams had condoned the violence at Grunwick.

Crosby has not been hit anything like as badly by the recession as neighbouring Liverpool, but nearly everybody seems either to have a friend or a relative who has personal experience of unemployment, and there is undoubtedly considerable dissatisfaction with the Government.

Many of those who vote for Mrs Williams tomorrow will be doing it purely as a way of protesting at the Government, and for reasons which have very little to do with supporting the ideas of the Social Democrats. For all Mrs Williams' insistence that she has shown that the Social Democrats have policies on all the central issues, research in Crosby suggests that many voters are still very confused about what the party stands for.

But talking to people in the constituency this week, it was clear that many of them, particularly the younger ones, had been attracted to the SDP because they thought it offered something new and, to them, exciting as an alternative to the other main parties. One of the problems the Tories have had in coping with Mrs Williams is that the more fiercely they attacked her as a socialist, and the Labour candidate labelled her as a Tory, the more they played into people's dislike of adversarial politics.

The Tories themselves tacitly acknowledged the appeal of a "centre party" when they issued leaflets quoting both Mrs Williams and Dr David Owen as saying they were opposed to a centre party.

The Labour candidate, Mr John Backhouse, had no such worries about the appeal of the centre ground. A 28-year-old local mathematics teacher, he has fought his campaign on the basis of Labour Party conference policy. Throughout, he has been very frank, and has refused to compromise in the interest of picking up extra votes, from former Tories. On the first day of his campaign, he said he would have voted for Mr Tony Benn in the deputy leadership contest.

Last night, Mr Backhouse was due to be supported by Mr Michael Foot, the Labour leader, but most of those who had come into the constituency to campaign for him have been well to the Left of the party. Having a left-winger fight the seat for Labour has undoubtedly helped Mrs Williams

But all along, the real task for Mrs Williams has been winning over former Tories—and each one who switches counts twice. The SDP, backed by the Liberals, has worked hard on the Tory vote, and, despite an apparent reluctance by householders to declare their support for any party by displaying posters, the election has generated enormous interest. People have turned up in hundreds to listen not only to Mrs Williams but also to Mr Benn. Mr Michael Heseltine also had a large audience when he came on Monday night to address the final Conservative meeting, but it was nothing to the turnout for Mrs Williams and Mr David Steel.

That meeting spilled over into two halls, and even then around 100 people stood outside in the freezing rain with their noses pressed to the window in an attempt to hear what Mrs Williams was saying. By no means all of them were committed SDP supporters. One, for example, said that she had now been to three meetings to hear Mrs Williams, and was still not sure whether she could bring herself to vote for her. Others seemed to be in the same state of indecision. Several said, however, they might vote for her "just this once." And, indeed, the problem for Mrs Williams, if she does win Crosby tomorrow, could be holding it at the next election.

In the short term, however, she would at least strengthen her position in next year's SDP leadership contest.

Lombard

The cycles of benign neglect

BY DAVID MARSH

During its first year in office, the Reagan administration not only failed to develop any coherent foreign financial policy but also displayed a seeming lack of concern over the underlying deterioration in the U.S. balance of payments. Initially this relapse of policy into an aggrieved acceptance of whatever the future held in store did not do much visible damage. During 1981 the erosion of the strength of the dollar was temporarily disguised by a severe tightening of Federal Reserve credit policy that artificially buoyed the dollar in the exchange markets by pulling money into New York from all the European financial centres.

Just to emphasise that there is nothing new in a U.S. administration pursuing a policy of "benign neglect" of the dollar, these lines refer to a period a dozen years ago. The passage is a paragraph—with the words "Reagan" inserted for "Nixon" and "1981" for "1969" — taken from the description of the dollar's vicissitudes in the late 1960s by the late Charlie Coombes, formerly in charge of foreign exchange operations at the New York Fed.

The phrase "benign neglect" was invented during the Nixon years. Then it referred to the Americans' lack of interest in the effects of the dollar's weakness, not, as has been the case this year, in the effects of its strength.

The first year of the Nixon administration was the prelude to the breakdown of the Bretton Woods system. With floating rates taking the strain, nothing so tumultuous is in store in 1982.

None the less, just as benign neglect came and went in the Nixon era, was rediscovered and then erased again under President Carter, it is likely that 1982 will see a further unfolding of the cycle. It is a fairly safe New Year prediction that the Reagan administration will gradually free itself from laissez faire currency economics and start to intervene again to check the dollar's fluctuations.

Under the Reagan policy of leaving the dollar to the magic of the market place, the New York Fed has been forbidden to intervene for most of 1981. The result has been, as Prof Lamfalussy of the Bank for International Settlements has pointed out, a period of enormous day-to-day volatility in the key dollar-D-Mark rate.

Any American move back towards assuming international responsibility for its currency will not be prompted by altruism. It will be triggered by the same sort of circumstances which forced President Carter's hand in 1977 and 1978. The dollar is likely to weaken next year as the U.S. current account swings back into deficit

Asserting that the U.S. will have to take support action if the dollar starts to decline abroad, one European central banker says: "Then it becomes a question of machismo. What does Reaganomics mean if you can no longer afford to stay in the Ritz in Paris?"

There is more to the argument than that. It is up to central banks in both the U.S. and Europe to show that intervention can exert a positive stabilising influence.

American dislike of intervention, according to Mr Beryl Sprinkel of the U.S. Treasury, is founded on the belief that the market knows better. To counter market forces, he says, risks wasting taxpayers' money.

In fact in recent years, intervention—or long-term "stabilising speculation," as Prof Lamfalussy would put it—has often been extremely profitable to the central banks concerned. In other words, the taxpayers have gained. The row in Bonn over the pay-out of the Bundesbank's huge profits this year is enough to verify this.

Much of the total intervention by EMS central banks—which amounted to \$80bn between March 1979 and June 1981—has probably benefited national treasuries. If central banks would only open their books and come clean on their profit and loss accounts, they might destroy an important part of the anti-interventionist argument—and provide another reason why they should continue to play an active role in currency management

*The Arena of International Finance, John Wiley, 1976.

Letters to the Editor

...e credit card lobby really so powerful?

...r I. Readman.

Is the credit card lobby so powerful that it can e the Government that lementation of the Mono- Commission's recommen- to ban the so-called non- ination clauses would be ary? This view directly the commission's con- that the present system in cash customers subsi- redit customers because ailer has no recourse but ect levies imposed by card operators in his tructure.

re to implement the com- 's report would infer espite all its fine words, overnment has so little n market forces as to e that traders would be maintain their neces- inflated price structures, in addition recovering credit charges directly from credit customers. Can it be that the Trade Department has been thrown by the terminology devised by the credit card industry to smoke-screen its operation? Thus, clauses designed to prevent traders giving cash discounts become "non-discrimination clauses." The logical recovery of credit charges directly from credit customers becomes "surcharging."

By insisting on the retention of these restrictive clauses, the credit card companies demonstrate that they at least have no illusions about the forces of competition. Consider, for instance, the inroads that would be made into their high-cost money transfer business by the relatively inexpensive travellers cheque system, were it able to compete on an equal footing. I blush for the civil servant who is required to explain the overruling of the commission's recommendations to the Prime Minister and not least if he uses the argument that its implementation would put us out of line with other countries. I believe Mrs Thatcher would welcome any opportunity to give a lead to the rest of the world by legislating against inflationary practices of whatever pedigree.

It would be wrong to accuse the credit card industry of flouting entirely nature's law that decrees "no free lunch," but for the time being they do have the right to assure credit card diners of substantial free credit discounts—courtesy of the cash customer.

Ian W. Readman,
Corn Dolly Restaurant,
Great Bardfield,
Braintree, Essex.

...at scope for expanding trade with Nigeria

...the Chairman of British ...nian Airways and others

—During the Nigerian ent Shehu Shagari's visit UK earlier this year, he sed a wish for British smen to be more aggres- pursuing trading oppor- s with Nigeria. This wish ly encouraged the for- of our combined trade n and visit in the first of November. Our desire go to Nigeria in order w how interested we were anding trade between our ountries and to see for ves what the possibilities

ing our stay we had ate meetings with nine nment Ministers, the or of Budget, the heads number of state enter- and leaders of the busi- community; we also met the Lagos and Ibadan bers of Commerce and Nigerian chapter of the ian-British Chamber of nerce.

were without exception warmly and cordially ved. Indeed, the strongest ession we gained was of ria's very high regard for in (described by many as second home), their ine regret that British s were not playing a bigger in Nigeria's development their clear desire that sh firms should re-assert selves in Nigeria. This was led with a feeling that tish businessmen, especi- at top level, had somehow ected Nigeria.

the opinion of those of us know Nigeria fairly well, the climate for Britain's increased participation in Nigerian enterprises has never been better. Nigeria is already Britain's largest market outside Western Europe and the U.S.; British exports to Nigeria could be worth £1,500m this year. British capital accounts for 40 per cent of all the foreign investment in Nigeria.

Nevertheless, there is still a great desire for further British investment and technology transfer. There are enormous opportunities for British firms, whether trading or investing, under the £65bn Nigerian fourth national development plan which will be published soon. We were assured that the plan will go ahead without any major alteration, despite the short term effect of reduced oil revenues. Indeed, oil production is already again over 1.3m barrels a day (mbd) and should rise to 1.5 mbd by the end of the year.

Your two recent supplements on Nigeria gave information on the political, economic and business scenario and covered problems as well as prospects. The problems are no greater than those faced by our German, French, Japanese and American competitors who are there in strength. Certainly we found the British expatriate community in Lagos to be in good heart and coping well with the problems that are part of a nation expanding at such a tremendous rate.

Adam Thomson,
British Caledonian Airways,
Crawley, West Sussex

P. Brighton (Cossor Electronics); J. Clayton (Pauls and Whites); Sir Arnold Hall (Hawker Siddeley); S. R. Horner (Simon Food Engineering); A. L. Merry (Carnation Foods Co.); N. A. D. Sharvell (Humphreys and Glasgow); K. V. Smith (Transmark); C. R. Thompson (NEI International); A. Weaving (British Electricity International); E. Y. Whittle (Lloyds Bank International).

Assessing the situation

From Mr S. Mallon

Sir,—Mr Teague (November 20) states that persons do act on information in published accounts when assessing credit risk. Surely it follows from this that any such person would treat with caution companies which do not provide results or which publish poor results.

The actions of information users in both cases would be to restrict credit given; this in itself is a penalty to companies which fail to disclose information. If creditors acted in such a way, this would also encourage profitable companies to disclose their results (and thus encourage the availability of credit to them).

If correct interpretation was made of financial information no such increase in fines would be needed, because non-disclosure would be sufficiently penalised through the actions of creditors.

So, rather than await new legislation, creditors can help themselves now by reviewing the consideration they give to company accounts.

Stephen G. Mallon,
6, Morven Drive,
Clarkston, Glasgow

Influencing the EEC Commission

From Mr J. Purvis, MEP

Sir,—I refer to the letter (November 11) from the director-general, Association of British Chambers of Commerce, regarding the EEC Commission's activities in the field of competition policy.

I would only ask if he has considered using the European Parliament and its members, who have direct access to the Commission in both specific cases and matters of policy?

Competition policy is central to bringing the benefits of the European Community to industry and consumer alike. Perhaps he underestimates the significance of the two-way communication link provided by MEPs. His options do not end with the House of Lords and the UK Government. The Commission is obliged to respond to the European Parliament as a whole and to MEPs individually. It does.

John Purvis,
Gilmerton House,
St. Andrews, Fife.

Public versus private transport

From the Director British Road Federation

Sir,—It is odd that the chairman of the Railway Development Society (November 20) should believe cheap public transport fares will do anything to reduce the role of the private car. Canada, whose example he cites, has a car ownership level well over 50 per cent higher than Great Britain (423 cars per 1,000 people, compared with GB's 268 in 1979). Cheap fares have clearly done nothing in Canada to reduce the attractions of the personal mobility offered by car ownership.

Closer to home, south Yorkshire, despite its well-established (and very expensive) policy of holding fares down recognises that more and more people will make use of cars. For example the council says "the demand for parking space from shopping and business users continues to increase." The council also says that road maintenance requirements are increasing because of the greater volume of traffic.

And in London, no congestion-free dawn has broken with the cuts in London Transport fares. Public transport and particularly the bus has an important role. But can it just be that the private car has advantages which public transport will never match?

Robert Phillipson,
British Road Federation,
388-396 Oxford Street, W1.

UK COMPANY NEWS

RHM on target with £13m increase

AS FORECAST when Ranks Hovis McDougall made a dawn raid on British Sugar Corporation in November, to counter BSC's raid on its own shares, taxable profits of the food group jumped to £45.3m for the 53 weeks to September 5, 1981.

This compares with £32m for the previous year, and Mr Peter Reynolds, chairman, reports that the £13m improvement, nearly all of which came in the second half, was partly attributable to excellent results from grocery, packaged cake and overseas interests.

He makes no specific forecast on profits for the current 12 months, but says trading is just ahead of last year. He also expects the company to benefit from its modernisation programme, successful launches of new UK products and continued expansion overseas.

Overseas business now earns over 30 per cent of group pre-interest profits and in the second half of the year under review these were boosted by the weakness of sterling. The six months also saw benefits from greatly reduced borrowings, which were mainly experienced after the sale of Wessex Finance in December 1980.

In addition, tight control of working capital played its part in reducing the interest charge for the 53 weeks from £20.91m to £14.57m.

Total sales for the period rose from £1.46bn to £1.57bn and trading profits improved by £7.17m to £77.52m. Profits from bread bakeries, the dairy business and cereal division were all below last year. Cereals did however show a marked improvement in the second half and a greater return was earned by the company's expanding interests in mushrooms.

Above the line, depreciation took £22.02m (£21.44m), while associates added £4.35m (£4.03m). After tax of £13.79m (£11.88m), minority profits of £468,000 (£299,000) and a £1.18m extraordinary credit (£3.57m debit), the attributable balance came through £15.92m higher at £32.2m. On a CCA basis the taxable surplus is shown at £22m (£9m) and the attributable at £7.6m (£7.8m loss).

Historic earnings per 25p share gained 4.1p to 11.2p and the final dividend is lifted 10 per cent to 2.333p net. This raises the total payment from 3.645p to 3.857p at a cost of £10.63m (£10m).

See Lex

BPB advances to £29.8m at half time

IN THE six months to September 30, 1981, BPB Industries has recovered from last year's setback and raised pre-tax profits from £20.8m to £29.76m, on sales of £206.53m, compared with £183.64m. Over the previous 12 months to end-March, the group's taxable surplus had fallen by £5m to £42.1m.

Mr F. G. Flood, the chairman of this group which manufactures building materials and paper and packaging products, says it seems unlikely that there will be any increase in demand for its products in the second half. He is hopeful, however, that the improved results will be maintained in the full year's figures.

Stated half-year earnings per 50p share improved from 16.6p to 20.8p and the interim dividend is being raised by 0.5p to 4.5p net per share — the previous total payment was 9p.

Group sales and trading profits — up from £20.71m to £29.95m—were split respectively between: Building materials — UK £103.13m (£96.45m) and £17.12m (£13.06m). Canada £22.3m (£12.87m) and £1.23m (£0.43m loss). France £4.5m (£40.3m) and £5.61m (£4.59m), and Eire £8.98m (£6.85m) and £1.33m (£0.93m). Paper and packaging — UK £35.11m (£36.79m) and £3.26m (£2.08m), and overseas £12.07m (£9.64m) and £1.4m (£0.5m). Inter-group sales accounted for £20.56m (£19.26m).

Although decline in construction continued in the UK, group sales of plasterboard were around the same as for the corresponding period last year. This was mainly because the growth in timber framed housing and the sustained demand for repairs and re-modelling.

Better operating efficiencies enabled higher profits to be earned in gypsum, bitumen and plastic compounds, but losses in wood chipboard continued and in view of the poor prospects for future profitability, a decision was taken to close the Scotboard plant at Irvine in November.

The costs of closure will be dealt with in the full year's accounts.

There was some improvement in the results of the Canadian subsidiaries although it continues to be difficult to achieve satisfactory selling prices. In France and Ireland good sales and profits were maintained.

In difficult market conditions, profits in the UK paper and packaging division recovered slightly from the low level of last year, and there was also an improvement in this division overseas.

Associates' contribution edged up from £2.21m to £2.45m for the half-year. Good results in South Africa and Sweden were largely offset by a downturn in Belgium and Germany.

Interest took £2.64m (£2.12m) while tax charge rose sharply from £5.26m to £10.14m. After minorities of £0.19m (£0.02m) the attributable surplus showed an increase from £15.52m to £19.43m, of which dividends absorb £4.21m (£3.74m).

See Lex

HIGHLIGHTS

Ranks Hovis McDougall has duly met its profits forecast with a pre-tax increase from £32m to £45.3m. Lex looks at the company's trading prospects before moving on to consider the sharp rise in profits from **BPB** at the interim stage. The column then moves on to discuss the position at troubled **Tomatin** where there was news of a further £3m capital injection by **Finance Corporation for Industry** at a rate of two per cent over Libor. Finally Lex looks at the **Equipment Leasing Association** which is objecting to the accounting exposure draft dealing with its industry. On the inside pages two more companies make their debut on the USM while on the results front **C. E. Heath** head the list with a substantial improvement pre-tax.

Broking side pushes C.E. Heath to £7.36m

INCREASED BROKING profits pushed up the first-half taxable surplus to September 30 1981 of international insurance and reinsurance broker and underwriting agent C. E. Heath from £5.07m to £7.36m.

The interim dividend is being increased to 3.6p (3.1p) net per 20p share—last year a total 10.5p was paid from taxable profits of £12.38m. Earnings per share for the six months are given as 13.2p (9.8p).

Mr F. R. D. Holland, the chairman, says the expected improvement in underwriting rates has not materialised although there have been some signs of hardening in the marine and aviation fields.

However, if the group can increase its market share and sterling remains around the current levels he forecasts a "very satisfactory year."

Insurance broking income increased 19 per cent from £9.47m to £11.27m. Of this £900,000 relates to currency gains, but Mr Holland says the result represents a good improvement, bearing in mind the very competitive conditions in the world insurance markets. After adding investment income and interest of £2.25m (£929,000) and subtracting expenses of £9.15m (£8.31m) the broking operating profits emerged at £4.37m (£2.09m).

Underwriting fees and commissions slipped from £4.27m to £4.05m and profits from overseas underwriting, net of expenses, were £437,000 (£506,000) but both figures were above budget. Mr Holland is hopeful that by the year end the results will be similar to last year.

The operating profits of the underwriting activities emerged at £2.29m (£1.94m)

There was also other income of £701,000 (£1.05m) and after tax of £3.24m (£2.03m) and minority interests of £32,000 (£20,000), the net profits came out at £4.09m (£3.02m).

● comment

A 45 per cent increase in pre-tax profits at C. E. Heath owes much to a number of special factors. Currency gains have added £900,000 to the group's performance, while investment income has shown a dramatic rise of 142 per cent. A measure of the rise in investment income is due to better cash management of inward and outward balances, while higher interest rates have given an added boost. Expenses on the broking side have been held to a modest 10 per cent increase, while on the group's underwriting side they have shown an 8 per cent decrease, because the group felt that it was no longer necessary to make a provision as it had done in the past on outstanding items. For the full year Heath could make around £16m. The group says that it is getting to grips with the problems of Groupe Sprinks, the French underwriting acquisition. Marine and aviation, accounting for around 40 per cent of business volumes, has shown firmness in ratings. The uncertainties are currencies and the influence of other income—down 33 per cent in the first half. Heath says that there have been problems in Bermuda which have influenced the contribution from other income. At 310p, unchanged, the shares yield 5.1 per cent, and stand on a prospective p/e of 12.3.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
BPB Industries	int.	4.5	Jan 22	4	—	9
Camb. & Gen. ¶2nd	int.	3.7	Dec 21	3.7	5.7	5.5
Century Oils	int.	1§	Jan 8	0.8	—	2.8
Hambros	int.	1.53‖	Jan 5	1.3	—	4.5
C. E. Heath	int.	3.6	Jan 5	3.1	—	10.5
Amos Hinton	int.	2.4	Jan 12	1.8	—	6
Mansfield Brewery	int.	1.5	Jan 5	1.08	—	4.2
Old Swan	int.	0.4	Jan 5	0.4	—	0.8
Parkland Textile		1.6	Jan 15	1.6	—	3.7
Jan. 29 2.12 3.86		3.65	Jan 23	2.12	3.86	3.65
Transparent Paper	int.	Nil	—	Nil	—	0.1
R. Kelvin Watson	int.	1.3	Feb 1	1.3	—‡	3.3

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increases by rights and/or acquisition issues. ‡ Maintained total expected. § To reduce disparity with final. ¶ In lieu of final. ‖ On 5p shares.

Loss for Transparent Paper at six months

FOR THE six months to October 3 1981 Transparent Paper plunged from pre-tax profits of £141,000 to a loss of £956,000 on turnover marginally higher at £18.63m, compared with £18.04m.

There is again no interim dividend—for 1980-81 a nominal 0.1p net final was paid from taxable profits of £146,121 (£1.02m), of which only £5,121 (£612,038) was made in the second half.

There was no tax charged for the half year (same) and stated earnings per 25p share were nil (1.94p).

The chairman states that the factors which forced the group's energy intensive cellulose film factory into losses last year worsened during the first half of the current year and "no improvement is in prospect."

The group has accelerated the move which has been in progress for some years to redeploy its skills and assets from cellulose film production into the profitable areas of plastic film manufacture, printing, laminating, coating, ink manufacture and chemicals where it has strengthened its position over recent years by continued capital investment and market penetration.

Although the remainder of the year will be far from easy, the directors consider that the medium-term prospects for the group's newer businesses are encouraging.

Mansfield Brewery over £4m

A SUBSTANTIAL increase from £2.72m to £4.04m in pre-tax profits is reported by Mansfield Brewery Company for the half-year to October 2 1981. Turnover soared from £15.74m to £26.99m.

The directors say that the exceptional rates of growth in the pre-tax, and particularly in the after tax figures, achieved in the first six months are unlikely to be maintained in the second half.

Nevertheless, they say the full year's after tax profits are expected to show a modest increase over last year.

The interim dividend is raised from 1.075p to 1.5p—last year's total was 4.2p. Tax charged in the first half was up from £1.13m to £1.64m, leaving net profits considerably higher at £2.41m, compared with £1.6m.

● comment

Mansfield Brewery's first half figures, with pre-tax profits up by 48 per cent, are considerably better than expected. However, at a rough guess, about half the increase came from T. W. Beach, acquired in September 1980, which produces soft drinks. Because of the seasonal bias in this area a similar improvement in the second half cannot be expected. Last year Mansfield achieved 5 per cent growth in beer volume, against the run of the market, and its continued progress is partly attributable to the careful pitching of a small price increase earlier this year—retaining its competitive position. Mansfield also benefits from the relative prosperity of the mining locality in which it sells. Mandora (soft drinks) has improved its figures, partly as a result of gaining shelf space in Cavenham retail outlets after the Beach acquisition. Having reached almost saturation point with its pubs in its locality, the company is using its cash resources to move into sports clubs. Following the 40 per cent increase in the interim to 1.5p the price of this thinly traded share moved up 22 points to 282p, giving a historic yield of 2 per cent.

Old Swan in first half rise

Improved results for the second half are expected by the **Old Swan Hotel (Harrogate)** following a rise in pre-tax profits for the six months to October 11, 1981 from £80,558 to £93,047 on turnover of £797,100 compared with £682,717.

The directors, who are preparing to change the name of the group of Leisuretime International, say the hotel will not experience its traditionally poor second half for three reasons. There is interest still to be received on rights issue funds, the new Harrogate Conference Centre should boost occupancy levels, and the hotel is being modernised.

The net interim dividend is held at 0.4p. Stated earnings per share were 1.54p (1.33p). Tax took £41,100 (£42,410) and attributable profits emerged at £48,947 (£38,148) after extraordinary debits of £3,000 (nil).

CORAL INDEX
Close 515-520 (+3)

OIL INDEX
December Refined $44.10
January Refined $44.50
March Refined $44.50

THE TRING HALL USM INDEX
114.7 (−0.1)
close of business 24/11/81
BASE DATE 10/11/80 100
Tel: 01-638 1591

Equipu coming to USM with placing

EQUIPU, THE Bristol-based office equipment merchant, is coming to the Stock Exchange's Unlisted Securities Market by way of a placing of 800,000 shares, 18 per cent of the enlarged capital, at 80p per share.

Founded in 1946, the company has built up a substantial business with seven branches in the South West.

Turnover has grown from £2.17m in the year to April 1977 to £5m last year. Pre-tax profits rose from £202,000 in 1977 to £601,000 in 1980 and then fell to £540,000 last year, because a higher than usual number of customers tended to hire rather than buy copiers.

Equipu is forecasting profits of £600,000 in the current year and the directors intend to pay an interim dividend of 1.1p and a final of 2p. The directors, who together hold 70 per cent of the shares, are waiving their entitlement to this year's dividends.

Of the shares in the placing, 403,432 are being sold by existing shareholders and 396,568 are new shares. The net proceeds to the company will be £185,000.

Equipu's net tangible assets at April 30, 1981 were £2.27m. Borrowings at October 30, 1981 amounted to £27,000.

The placing is being made by Robert Fleming and brokers to the issue are Stock Beech. Dealings in the shares are expected to begin on December 1.

● comment

Equipu, the latest in a series of long-established regional companies to come to the USM — Johnstone's Paints, Sheldon Jones and Exeter Building are others — offers no excitement for speculators but may be of interest to more patient investors. The office equipment supply and service business is widely diffused. In photocopying, for example, High Street multiples like Rymans and independents like Equipu compete against big manufacturers like Rank Xerox and IBM that do their own retailing. Equipu's strategy is to operate from modest premises, pound the streets looking for business and then back it up with careful service. This formula has proven particularly successful in the photocopying field where the group's service contracts based on meterage are highly profitable. It is probably also a good approach to the fast developing business computer and word processing sector. At the placing price, the prospective fully taxed p/e of 11.7 looks rather high, but the group's fleet of 120 red and white service vehicles have created a lot of awareness in the West.

Saxon Oil coming to unlisted market

Saxon Oil, an unquoted company that was formed last year to participate directly in North Sea oil exploration, is coming to the Stock Exchange's Unlisted Securities Market by way of an introduction.

The introduction was originally intended to take place two months ago but was postponed because of the then poor market conditions.

Saxon was set up to provide British content in consortia led by foreign companies applying for North Sea production licences in the seventh round.

It has four large shareholders: Globe Investment Trust, with 13.3 per cent; Clyde Petroleum, with 10 per cent and an option on a further 11.5 per cent; British and Commonwealth Shipping, with 6.3 per cent; and Electra Investment Trust, with 6.2 per cent.

The company has so far raised £7.5m from its shareholders who have made partial payments of 12.5p on the 15m 50p shares issued plus partial premium payments.

Seventh round consortia, in which Saxon is participating, were granted four licences at a total cost of £2.7m. The most important of these is a 50 per cent interest in a venture led by Conoco (UK) on the premium block 16/8b.

The group has also invested a further £0.5m on participations in oil and gas exploration and production assets in the U.S.

Its North Sea spending programme will build rapidly from £110,000 this year to £2.8m next year when the first well is to be drilled on block 16/8b. However, the group had cash balances of £2.7m at June 30, 1981 and so does not plan a further call of 50p per share on shareholders until 1983.

Saxon is being introduced to the USM by Singer and Friedlander and brokers to the introduction are Hoare Govett. Recent dealings in the 50p ordinary shares, 12.5p paid, have taken place at 70p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Anderson Strathclyde, Brickhouse Dudley, Alfred Dunhill, Johnson Matthey, Monks Investment Trust, Rothmans International, Wedgwood, Witan Investment.

Finals: Burton, Comet Radiovision, Kwik Save Discount, Long and Hambly, Scottish Cities Investment Trust, Spring Grove Securities, Talbex.

FUTURE DATES

Interims	
Bremner	Nov 30
Buffelsfontein Gold Mining	Dec 2
Burtonwood Brewery (Forshaws)	Nov 26
Clydesdale (Transvaal) Colls.	Dec 2
Crosby Woodfield	Dec 3
Imperial Continental Gas	Dec 8
Kleen-E-Ze	Dec 7
Leigh Interests	Dec 3
Marshalls (Halifax)	Nov 30
Ocean Wilsons	Dec 1
Pauls and Whites	Dec 3
Sheffield Refreshment Houses	Dec 2
Sogomana	Nov 30
Tecalemit	Dec 1
Trans-Natal Coal	Dec 2
W.G.I.	Nov 30
Finals—	
Avon Rubber	Dec 9
Carr (John) (Doncaster)	Nov 30
Griqualand Exploration and Finance	Dec 2
Grootvlei Proprietary Mines	Dec 11
Leeds and District Dyers and Finishers	Dec 1
Marievale Consolidated Mines	Dec 11
National Westminster Bank	Feb 23
St. Helena Gold Mines	Dec 11
Stilfontein Gold Mining	Dec 2
West Rand Consold. Mines	Dec 2

MINING NEWS

CL sees new rofit growth

ENNETH MARSTON, MINING EDITOR

AFRICA'S Transvaal ated Land and Explora- CL), the Barlow Rand mining and investment ects increased growth in and dividend in the year to September 30.

C. Petersen, the chair- ints out in the annual hat this will be largely of the growing earnings al. The group's huge of coal now amount to 13bn tonnes and are to be further increased ration proceeds.

se of the fall in the gold and the rise in coal the latter provided 62 t of TCL earnings in compared with 56 per the previous year while ntributed only 32 per gainst 41 per cent ly.

g the past year TGL 74.9 per cent of Rand Properties which contributed 2.1 per cent of group earnings over a three-month period. The contribution this year will thus be considerably larger.

TCL has recently agreed to sell its asbestos interests to General Mining Union Corporation (Gencor) for R30m (£16.2m) worth of gold and platinum shares.

On the exploration side, TCL has a 50 per cent stake in a gold prospect to the east of Barberton. Mr Petersen says that following recent encouraging results the possibility emerges of a potential mine there with a capacity of 60,000 tonnes of ore per day.

Further drilling will be carried out in 1982 and 1983 after which it should be possible to take a decision on whether to develop a mine.

TCL shares are currently £23¼ *to yield 6 per cent on the thrice-*covered dividend of 260 cents.

atching the battle of th. Kal. & Metals Ex.

AUSTRALIA'S gold- ng North Kalgurli Mines ng against the efforts of Exploration to gain of the company. ed observers of the battle include Australia's new r watchdog, the National ies and Securities Com- (NCSC), and the big industrial and mining

ls Ex currently holds 20 nt of North Kalgurli and to make a partial bid for er 15 per cent at a price .50 (90p) per share. The were 72p yesterday. The equivalent to about 19 ent of current share- gs.

ddition, Metals Ex is seek- expand the North Kalgurli from five members to to remove two existing ors and put up *four* nees of Metals Ex. This if successful, would give Ex effective control of Kalgurli.

cting these moves North li says that if Metals Ex the desired Board s it would be possible for ompany under existing an *take-over legislation* iraw its proposed share bid. Thus Metals Ex would control a company with only a 20 per cent holding and it remains to be seen what view of this would be taken by the NCSC.

CSR could come into the picture via its *recent* A$6.3m purchase of Consolidated Gold Mining Areas' Paringa gold leases which are surrounded by the Fimiston leases of North Kalgurli. The possibility is that CSR might wish to make use of the current spare capacity of North Kalgurli's treatment plant to handle ore from the Paringa deposit.

Alternatively, it is possible that CSR might investigate the possibilities of working the entire area as a single gold mining operation which, of course, would have technical and economic advantages. Whether CSR makes any moves remains to be seen, of course.

But at all events there appears to be little advantage for North Kalgurli shareholders to accept the proposals of Metals Ex. which has the burden of its loss-making Greenvale nickel mine, at a time when North Kalgurli has just started gold mining at Fimiston after considerable past capital expenditure.

pper discovery in BC

ER prospect in the north- corner of British is attracting attention otentially large tonnages , reports John Soganich onto.

posit, known as Windy is owned by Canada's idge Nickel Mines, with ly-formed Geddes Re- having the right to 49 per cent interest by C$1.5m (£666,000) on on and development by 983. Geddes has already 35 per cent interest for f around C$900,000.

Craggy's mineralised has been traced for n 6,000 feet, with widths er-bearing material of an 100 feet. Drilling is 12.

results so far obtained an average grade of at least 1 per cent copper overall. Adding in the lower-grade cobalt, gold and silver available, one analyst reckons the average grade could work out at the equivalent of 2 per cent copper.

Geddes is now engaged in raising funds, with an issue of common and convertible preferred shares for a total of C$7.7m.

In a separate development, Falconbridge Nickel announced that it will not pay a dividend for the fourth quarter of the current year. The company has been paying a regular 50 cents a share for each of the first three quarters.

The omission of the payment reflects a decline in earnings, the current unsettled conditions in the nickel market and substantial capital expenditure requirements, Falconbridge said.

A. Hinton well ahead at midyear

BOOSTED BY excellent results from its supermarkets division profits of Amos Hinton and Sons advanced sharply for the 28 weeks to September 19 1981, the pre-tax figure emerging at £1.09m, compared with £422,000. Sales were also well ahead, rising from £45.57m to £51.96m.

With stated earnings per 10p share more than doubling to 13.84p (6.25p) the net interim dividend is being stepped up from 1.8p to 2.4p—last year's final was 4.2p paid from taxable profits of £1.3m.

On the outlook Mr David Hinton, the chairman, says the trend of sales in encouraging and the group is continuing with the development of operating standards and control systems which should assist it to maintain the improved performance.

*Halftime sales of the super*markets division rose by 23 per cent to £50.65m (£41.22m) on *higher volume. Pre-tax profits* of the division jumped to £1.05m (£495,000).

The *off-licences division* produced a volume increase with sales improving by 19.5 per cent to *£1.31m (£1.1m)* and pre-tax profits from £25,000 to £35,000.

Tax for the 28 weeks took £326,000 (£78,000 adjusted) leaving the net profits well ahead at £761,000, against £344,000. Current cost accounting reduces the taxable figure to £562,000 (£169,000) and on the same basis stated earnings per share were 10.22p (3.07p).

The comparable historical pre-tax profit included a loss of £98,000 incurred by the discount stores which have now been *closed or converted to small* supermarkets.

Parkland Textiles improves

FIRST HALF taxable profits of worsted comber, spinner and manufacterer Parkland Textile (Holdings) rose from £26,000 to £130,000 for the six months to August 28 1981, on turnover ahead at £17.13m, compared with £16.66m. However, Sir Richard Denby, chairman, says *this level of profits continues to* reflect the unabated inroads being made into the industry—in 1978 the group made an interim pre-tax surplus of £1.15m.

The interim dividend is being maintained at 1.6p net per 25p share but the directors say this does not commit them to the amount for the final, which will depend "on the *indication of* rather more favourable trading during the second half." Earnings per share are given as 0.9p (1p losses).

Sir Richard says it has been the directors' policy to reduce bank borrowing by tighter management control. At the same time they have endeavoured to maintain the workforce, if necessary by accepting business at prices containing no profit. These objectives were achieved in the period under review, he says, and the losses in the worsted spinning division were balanced by profits elsewhere.

Taxable profits of this close company were struck after *depreciation of* £419,000 (£439,000) and bank interest of £316,000 (£571,000). Tax took £57,000 (£82,000) leaving net profits of £73,000 (£56,000 losses). After minority interests of £6,000 (£8,000)—and extraordinary debits last time of £9,000—the attributable profits emerged at £67,000 (£73,000 losses).

Century Oils above £2m halfway

STRONGLY IMPROVED first-half profits for Century Oils Group have come with a 31 per cent sales surge, from £24.48m to £32.09m, much of this again provided by its expanding activities overseas. At the pre-tax level profits reached £2.08m against £1.55m.

Operations abroad now account for 44 per cent of total turnover in spite of the adverse effects of protracted miners' strikes in the U.S. and Australia, the directors say. The company makes lubricants, industrial hygiene products and engine coolants, and collects used oils for recycling.

At the same time, they add, the UK position has been maintained in a very difficult market. This was brought about by improved efficiency coupled with a 42 per cent increase in exports.

The interim dividend is raised from 0.8p to 1p net per 10p share, but this is in order to reduce its disparity with the final. Last year a total of 2.8p was paid from a taxable surplus of £3.04m.

Earnings per share are given as 5.76p (5.46p).

The pre-tax profits were struck after interest charges higher at £707,000 (£583,000). Tax took £875,000 (£374,000).

Credits of £116,000 were made for exchange differences (£43,000 debits) while minority interests contributed £134,000 (£30,000).

From the resulting attributable profits of £1.44m (£1.17m), dividend payments left the retained figure at £1.21m, up from £979,000.

● **comment**

By the year's end, Century Oils will have increased sales by nearly 70 per cent in just two years. But profits have been lagging behind and though overseas activities are now pushing them up, domestic operations remain lacklustre. The expansion overseas has yet to wash its face: increased borrowings are holding capital gearing in the 45 to 50 per cent area. Strikes in the U.S. and Australia sent both operations into the red for the six months, but the U.S. is expected to come right in the second half. This points to a pre-tax profit for the year of about £4.2m. With shares up 1p to 84p, they stand on a prospective fully-taxed multiple of 9½. This does not seem unreasonable as the prospective EPS are likely to be less than three-quarters of the 1980 level. The shares offer a historic yield of about 5 per cent.

Barker & Dobson profit midway

INCREASED TURNOVER of £19.92m, against £17.46m, and improved margins at Barker and Dobson Group have resulted in a pre-tax profit for this confectionery and retail concern of £332,000 for the 28 weeks to October 10 1981, against a loss of £158,000. For the last full year, a taxable surplus of £469,000 was achieved.

At the trading level, profits for the first 28 weeks more than doubled from £308,000 to £668,000. The confectionery side made £313,000 (£84,000) on sales *of £10.71m (£8.73m) while retail* profits rose from £224,000 to £355,000 and sales from £8.92m to £9.52m.

As mentioned at the annual meeting, there has been, for the first time for many years, an increase in sales volume in the confectionery business. This combined with action to improve margins led to a better performance.

The company's new product range and its recently introduced stick-pack range of general confectionery have been well received by customers, but the board says it is still operating in a very difficult market in which pursuit of volume is being accompanied by deep price cutting on the part of some competitors.

The rebuilding of the company's confectionery business over the last five years has been a slow and sometimes painful process but the board is now satisfied that a sound base has been established.

In addition, the company is taking full advantage of its trade-names and trademarks, both at home and abroad. It has recently concluded a licence for the exploitation of one of its trade-names, Bensons, in one country and negotiations are currently in progress for further agreements in other countries for the exploitation of this and other of its trade-names and marks.

On the retail side, Lewis *Meeson has continued to make* very satisfactory progress, both in terms of turnover and margins. During the half year, six new shops were opened and a further three have recently been opened. Also at the beginning of hte second half, 19 shops were acquired from Guardian News and the board is confident that these will make a valuable contribution to future profits.

There is again no tax for the first 28 weeks and stated earnings per 1p share are 0.31p (0.15p loss). No dividends have been paid since 1979 but the board says it intends to restore payments as soon as prudent.

The pre-tax result was struck after central expenses of £155,000 (£145,000), interest of £215,000 (£303,000) and an exchange loss last time of £18,000.

● **comment**

Barker and Dobson is starting to recover strongly but in one important respect it is dogged by its chequered past. Interim profits are comfortably better than forecast and it has clawed a small volume gain from a very difficult trading environment. The business is becoming more seasonal, given the group's success in attracting more high margin, impulse buying in its retail division, but the incidence of shop purchase and disposal (worth a net £174,000 at the pre-tax level in the half year) makes forecasting more than usually *difficult. B and D seems set on a* long and extensive programme of property portfolio trading in the search for optimum margins and returns on capital. Yet on the basis of organic profits, the group should be in a position to return to the dividend list and remains confident that it can do so. The deficit balance on revenue reserve of £132,000 will, in the absence of mainstream tax, be covered quite comfortably but any immediate thoughts of a distribution must be stymied until the conditions governing substantial goodwill on the balance sheet are resolved. Trade values and trade marks, valued at £4.3m in aggregate, have been B and D's mainstay through the bad years but have received auditors' qualifications in the past and it is this historic deadweight rather than any lack of real recovery potential which is holding the shares back at 6½p.

Barratt's sales advance to record levels

Sales of Barratt Developments' new houses were at record levels for the first 21 weeks of this *financial year and Mr Laurie* Barratt, the chairman, is confident the group will enjoy another successful year.

Speaking at the AGM Mr Barratt said that in terms of units the group's advanced sales were more than 20 per cent ahead of the same period last year. He added that he felt the *economy* had bottomed out and was beginning to rise and that there were now more people directly and indirectly employed by the group than ever before.

CAMBRIAN AND GENERAL SECS.

Pre-tax revenue after charges at Cambrian and General Securities showed a slight fall from £364,236 to £329,745 in the year to September 30 1981. Gross revenue was also lower at £483,174 compared with £486,612.

A second dividend of 3.7p in lieu of a final will be paid for a total of 5.7p against 5.5p. *Dividends absorb £236,464 (£228,313).* Break up value of ordinary 25p shares is 120.4p (133.7p). The company's valuation of investments at the year-end was £6.7m compared with £6.2m.

Kelvin Watson up slightly

A slight increase in pre-tax profits has been achieved by R. Kelvin Watson, the manufacturing and retail optician, to £212,367 in the six months to September 30 1981. This compares with £201,422, but is still far short of the £311,948 in the 1979 first half.

Turnover improved from £2.72m to £3.02m. Mr G. K. Watson, the chairman, reports that demand for the Kelvin gas permeable contact lens, launched in October 1980, continues to surpass the directors' expectations.

The wholesaling of contact lens solutions and accessories has also shown a substantial increase in business, he says.

The directors expect to recommend a total dividend *no less* than last year's 3.3p net per 10p share, and the interim is maintained at 1.3p. Taxable profits *for the 12 months to March 31* 1981 plunged from £702,040 to £385,193.

The company has recently purchased an optical practice in Warrington, Cheshire, and is negotiating for further similar purchases.

Tax this time took £75,000 (£89,000).

The chairman expresses the board's continued confidence in its policy of expansion but does not feel able to predict the full-year outcome with any accuracy.

He and Mrs H Watson are waiving their right to the interim payment in respect of their 1.04m shares of the total 3m in issue. As a result dividends will account for £25,429.

YEARLING BONDS IMPROVE TO 14⅝%

The interest rate for this week's issue of local authority bonds is 14⅝ per cent, up ⅜ of a *percentage point from last week.* The bonds are issued at par and are redeemable on December 1 1982.

A full list of issues will be published in tomorrow's edition.

THE SCOTTISH NATIONAL TRUST PLC

Financial year ended 30th September 1981

EARNINGS
Increased 11.4 per cent to 7.67p from 6.87p (excluding 0.69p non-recurring)

DIVIDEND
Increased 11.4 per cent to 6.85p from 6.15p (excluding 0.69p special)

NET ASSET VALUE
Increased 1.1 per cent from 267.8p to 270.9p

SCRIP ISSUE
1 for 1 free issue proposed

OUTLOOK
Recovery from recession is nearer for this country than for the United States, which provides some optimism for the British market; numerous rights issues are likely, which will limit the upside potential.

Overseas it remains the intention to gear up the American portfolio, given more favourable circumstances. Australia is being increased and a gradual increase in Japan is to be expected.

ANNUAL GENERAL MEETING
16th December in Glasgow.

Copies of the Annual Report, containing the Chairman's Statement to shareholders in full, may be obtained from the Secretaries, Gartmore Investment (Scotland) Limited, Ashley House, 181-195 West George Street, Glasgow G2 2HB.

LONDON AND LIVERPOOL TRUST LIMITED

Half Year Report

	6 months to 30.9.81 (Unaudited)	6 months to 30.9.80 (Unaudited)	Year to 31.3.81
	£000's	£000's	£000's
Sales	6,640	3,030	7,539
Profit before tax	663	246	656
Attributable profit	440	133	476
Distributable to shareholders	357	51	223
Earnings per share —Net basis	6.95p	0.85p	3.20p
—Fully diluted	5.97p	0.85p	3.14p
Dividend per share	0.75p	0.50p	1.70p

★ The Directors regard these results as good and are confident of the Company's continued progress and of satisfactory results for the whole year.

★ Pre-acquisition profits have been excluded in arriving at the Group profits distributable.

★ Agreement has been reached for the sale of the motor business of the Regent Autocar Company, Limited, following which the Group will no longer be engaged in the distribution and service of motor vehicles. Sales of the motor businesses, included in the above figures for the six months to 30th September 1981, amounted to £1,915,000 with a negligible contribution to the Group's profits.

Copies of the full half year report available from the Company Secretary, 1 & 2 Waterloo Street, Birmingham B2 5PQ.

COMPAGNIE FRANCAISE DE L'AFRIQUE OCCIDENTALE

In a letter to Shareholders dated 16th November 1981, the Chairman, Mr. Jacques MULLIER, reported that unaudited figures in respect of the six-month period ended 30th June 1981 indicated a net profit for the Company of Frs. 25.2 million. This represents an increase of 11.71% over the corresponding period of 1980.

At Group level, the consolidated results of the half year (expressed in millions of Francs) are as follows:—

	30.6.1981	30.6.1980
Turnover	4,615.0	3,552.0
Net Profit—Group	116.0	72.6
Outside Interests	9.4	10.6
	125.4	83.2
Net Situation—Group	1,474.0	1,290.0
Outside Interests	198.0	169.0
	1,672.0	1,459.0

The increased turnover in 1981 has been assisted by the acquisition during the period of several Companies—Ets. Cantelaube, Codief, Docoren, Socomat and Sharp Burotype Machines S.A. Ignoring these latest acquisitions, the turnover of the Group increased by approximately 20%.

Looking ahead to the end of the current fiscal year, Mr. MULLIER foresaw, based on current trends, a satisfactory level of profit being achieved.

BIDS AND DEALS

Local radio companies planning to merge

Suffolk Group Radio, a new company, is making a recommended offer for the shares of **Radio Orwell**, a public unlisted company which for the last six years has been operating the independent local radio service based in Ipswich.

At the same time SGR will acquire the shares of Saxon Radio, which in August was offered the contract by the IBA to operate the franchise for a new independent radio station at Bury St. Edmunds.

With the IBA approval a scheme has been agreed whereby SGR will become the parent of the two franchise holders. SGR will provide financial, administrative, management, marketing, engineering and news gathering services for the two companies.

To achieve this structure SGR is making offers to Orwell shareholders on the following terms: for every 20 Orwell ordinary shares, 23 new SGR ordinary; and for every 20 Orwell 7 per cent preference shares, 23 new SGR preference shares.

East Anglian Securities is inviting public subscription in SGR, the proceeds of which will be used primarily to establish the new commercial radio station for Saxon Radio at Bury St. Edmunds.

Investors are offered a package of three ordinary shares and one preference share, as a share unit, in minimum lots of 25 units at a cost of £100 per package.

The directors of SGR have no present intention of applying to the Stock Exchange for an official quote nor for the shares to be traded in the Unlisted Securities Market. But application may, however, be made for specific bargains in the shares under Rule 163(2).

Undertakings to subscribe for new shares have already been received in respect of some 72.5 per cent of both the issue of the ordinary and preference shares.

Existing shareholders of Radio Orwell who have accepted the SGR offer are Anglia Television, Brook House Investments, EMI, Eastern Counties Newspapers and Ipswich Co-Operative Society. Anglia and Eastern Counties Newspapers have undertaken to subscribe for new SGR shares together with East Midland Allied Press, Greene King and Sons and Jarrold and Sons.

Audited accounts of Radio Orwell for the nine-month period to June 30 1981 show a loss of £48,000. Results for the year to September 30 1981 are estimated to show a loss of £89,000.

Mr J. C. Jacob, chairman of Orwell, says that the board has taken "strong corrective measures" to stop the losses and "to ensure as far as is possible a return to profitability in 1981/82." The measures include a reduction in staff from 39 to 30 by a process of natural wastage and redundancy.

For the year to September 30 1982 SGR is predicting a trading profit of £33,000 from which must be deducted £28,000 being the expenditure in relation to the establishment of Saxon Radio in the period before starting revenue earning transmissions.

Saxon expects to start broadcasting for the Bury St. Edmunds area during the summer of 1982 using new transmission facilities to be provided by the IBA. The two radio stations will be on the air for 18 hours a day, with each of the stations providing five hours specific to their areas. It is estimated that the potential audience for the two stations is in the region of 700,000.

Hanson extends Berec bid by three weeks

Hanson Trust is not prepared to admit defeat in the bid battle for **Berec**, the battery group.

Yesterday it announced that it was extending its bid for another three weeks despite acceptances so far amounting to only 1.25 per cent of the equity.

Berec's shares yesterday were 1p down in the market at 128p 23p above Hanson's cash offer and 24.5p above the value of the share alternative, given a price for Hanson of 276p.

Berec's favoured suitor, Thomas Tilling, has put in a one-for-one share offer worth 135p yesterday after a 2p fall in Tilling's price.

Hanson owns 15.77 per cent of Berec mostly acquired at 95p during a raid on Berec's shares in July.

97% ACCEPT BTR OFFER FOR SERCK

Holders of 97 per cent of the ordinary shares of **Serck** have accepted the offer from **BTR**. Holders of 0.06 per cent exercised their rights to withdraw their acceptance in accordance with the announcement made earlier this month.

This said that following the decision to refer the acquisition to the Monopolies Commission, the Take-over Panel had agreed to permit BTR to waive the relevant condition of its offer, on condition that holders who had already accepted the offer may withdraw their acceptance, up to and including November 24.

The right of withdrawal has therefore, now ceased to be available. The offer remains open and BTR intends to acquire the balance of shares compulsorily.

ASHBOURNE INV./ E. S. SCHWAB & CO.

Ashbourne Investments has disposed of its interest in one of its subsidiaries E. S. Schwab and Co. This follows the announcement earlier this week that Volkskas Merchant Bank had acquired a 75 per cent stake in Schwab, subject to Bank of England and Bank of South Africa consent.

J B K HOLDINGS

JBK Holdings, the parent company of Bensons Crisps has bought **Prize Pizza** and **Prize Catering**.

The acquisition will broaden the company's base of operations and gain entry into the fast food industry.

SEALECTRO

The acquisition of **Sealectro Corporation** by a subsidiary of **BICC** has been approved by shareholders. Each ordinary Sealectro share will be exchanged for $23.75 in cash. The total consideration is $70.7m for the 2.97m outstanding shares.

SPAIN

November 24	Price %	+ or −
Banco Bilbao	339	
Banco Central	342	
Banco Exterior	310	
Banco Hispano	318	+3
Banco Ind. Cat.	117	
Banco Santander	276	−5
Banco Urquijo	216	
Banco Vizcaya	359	
Banco Zaragoza	216	−2
Dragados	157	−3
Espanola Zinc	66	−1
Fecsa	70.2	−0.8
Gal. Preciados	53.0	+3
Hidrola	81.7	+0.7
Iberduero	56.5	+1
Petroleos	99.2	−0.8
Petroliber	80.5	+0.5
Sogefisa	43.0	
Telefonica	78.0	
Union Elect.	76.7	+0.7

Bath & Portland raid on Braham

Bath and Portland Group, the construction and civil engineering concern, made a successful "dawn raid" yesterday afternoon on **Braham Millar**, the mechanical engineer. It plans to make a tender offer for more shares.

The raid, conducted by Cazenove at 33p per share, left Bath and Portland with 14.9 per cent of Braham Millar — against the 13.9 per cent stake so far accumulated by Fieldwood since September 22 in its current bid for the company.

Bath and Portland's advisers, Hill Samuel, will be advertising on Thursday a tender offer for more shares to give the new bidder 29.9 per cent. A tender offer is one of the two alternative courses open to a "dawn raider" wishing to acquire more shares — though this is only the second time one has emerged under the new rules of the Council for the Securities Industry.

Fieldwood's advisers, Barclays Merchant Bank, said last night they were studying the situation carefully. Their client's bid was increased from 24p to 30p per share on November 4, having been twice extended beyond its original closing date. It is now due to close on November 28.

Bath and Portland and Brahm Millar have had close links for many years and at one time shared the same chairman, Mr Ronald Ogden. Sir Kenneth Selby, who succeeded Mr Ogden as Bath and Portland's chairman in 1971, confirmed that his company wanted a 29.9 per cent stake, "no more and no less."

He said it represented an attractive financial investment but was motivated equally by Bath and Portland's desire to ensure the future of one of its principal suppliers. The two companies work closely together in the Middle East in particular.

Brahm Millar's shares, which opened yesterday at 26½p, closed the day at 31½p.

Tomatin gets £3m loan to repay short-term debt

Tomatin Distillers, the Inverreported a £1.12m loss for the first six months of 1981, has arranged a £3m 'long term' loan Industry to repay its existing from Finance Corporation for but "shorter term" debt.

The source of its £3m of finance is a subsidiary of Finance for Industry, owned by the Bank of England, which holds 15 per cent, and the English and Scottish clearing banks, which hold 85 per cent of the equity. Finance Corporation for Industry was formed to provide loan and equity capital to companies.

Explaining the reasons for its loan, Tomatin has told shareholders in a circular distributed yesterday that "the need to hold stocks of maturing whisky for several years makes it appropriate for these stocks to be financed by long term debt."

The group added: "Under the present trading conditions, it is all the more desirable that the company should have a higher proportion of long term finance. sought to replace some of the ings and this will be achieved company's short term borrowby the Finance Corporation for Industry loan."

Under the terms of the deal, the loan will be repayable in 10 equal annual instalments commencing on December 31 1990, and Tomatin will retain the right to repay the whole or part of it earlier.

It will be secured on the distillery at Tomatin, Inverness-shire, with the security ranking pari passu with an existing security on the distillery in favour of the Royal Bank of Scotland.

Interest will be payable at the rate of 2 per cent above the London inter bank offered rate for the time being. The company also has the option, up to December 31 1985 to elect to fix the rate of interest for the remainder of the period of the loan at 2 per cent per annum above the average of the gross redemption yields of 12.7 per cent Treasury stock 1995 for the two weeks and two weeks after such an election, if before December 31 1985 that gross redemption yield falls into the range between 10 per cent and 13 per cent per annum.

Finance Corporation for Industry will have the right to appoint a director to the board of the company.

It will also have the option, exercisable from the date on which the loan agreement becomes unconditional up to the date two months after the receipt of the company's audited accounts for the year ending 1988 to subscribe at an aggregate price of £675,000 for 750,000 ordinary shares of 25p each of the company representing 90p per share. Exercise of the option would result in Finance Corporation for Industry holding up to a maximum of 10 per cent of the enlarged issued share capital of the company.

Tomatin proposes to increase its authorised share capital and has convened an extraordinary general meeting of shareholders, at the Westbury Hotel in London on December 9, to gain approval of the move.

The company's present authorised share capital is 8m ordinary shares of which 6.75m are issued and fully paid. Explaining the increase in the authorised capital Tomatin has told shareholders in addition to maintaining the required amount of authorised capital but unissued capital in order to permit Finance Corporation for Industry to exercise the option, it was felt "desirable to maintain a further reserve of unissued share capital."

The authorised share capital is to be increased to £2.25m by the creation of an additional 1m ordinary shares of 25p each.

Explaining the losses in its circular, Tomatin said that distillation is the major contributor to group profit and the loss arose from lower activity and high interest charges. "Current trading conditions remain as difficult as they were during the first six months of the year."

SHARE STAKES

Ductile Steels—On November 19 Caparo Industries acquired 250,000 ordinary shares thereby increasing holding to 2.6m.

Belhaven Brewery Group—Sir Fred Pontin has recently sold 150,000 ordinary shares.

Cyril Black may sell North hotels stake

Sir Cyril Black, former chairman of **M. F. North**, the hotel group which plans to abandon its policy of running temperance hotels, confirmed yesterday that he was in "serious negotiations" with a purchaser to buy the 25 per cent of the company which he controls.

Sir Cyril has agreed to give the potential buyer until December 8 to make a definite offer.

Martin Black sale to ease borrowings

The sale of **Martin Black's** wholly owned Canadian subsidiary, **Martin Black Inc.** (M-B Inc.), has been agreed, subject to shareholders' approval, to **Wire Rope Industries**, a Canadian company which is a subsidiary of Noranda Mines.

The purchase price is C$4.15m. M-B Inc's borrowings from outside the group amounted to about half the group total at October 31 1981. The borrowings of the remaining group at that date will largely be offset by the cash consideration when received.

The group's results for the year to December 31 1981 included net assets of £977,000 and pre-tax profits of £70,400 attributable to M-B Inc, which made a loss of £47,000 in the first half of the current year.

ASSD. FISHERIES PROPERTY SALE

London Cold Storage, wholly-owned subsidiary of **Associated Fisheries**, has exchanged contracts for the sale of its leasehold property and cold store located at Nine Elms, Wandsworth Road, London, for £1.68m cash. Completion is due on February 5 next.

Net book value of these assets, as at September 30 1980, was £736,000 and the trading result attributable to them was a £120,269 loss.

The directors say the benefits which are expected to accrue from the transaction are the elimination of trading losses and enhanced liquidity.

NIMSLO

The offers made by **Nimslo International** for the issued shares of **NEH** and those to be issued, have been accepted in respect of 3.26m deferred shares and 3.26m new shares in NEH, representing 90.5 per cent of each class of share capital. Offers remain open.

RICHARDS (LEICS.)

Richards (Leicester) is to purchase the goodwill and certain stock and assets of the sand cast operations of Trepland Jones (Foundries) in Loughborough. The price is an initial £190,000 cash.

There may be further payments, dependent on turnover in the next two years, and these will not exceed £180,000.

GENERAL TIRE

The chairman of **General Tire**, has written to the shareholders of **Hallite** and states that the forecast profits of not less than £850,000 are disappointing and are substantially below those achieved in 1978.

The offer of 200p per share is final and will not be increased.

Dividends boosted at Hambros

INTERIM dividends announced by banker **Hambros** are increased from 13p to 15.25p for £2 shares, from 1.3p to 1.525p for 5p shares, and the £1 "A" shares are unchanged at 2.1p.

The directors say banking profits for the half-year to September 30, 1981 are broadly the same as those of the same period last year. Hambro Life Assurance and Berkeley Hambro Property have both increased their interim dividends.

Results from other non-banking operations are lower, partly because of adverse trading conditions and partly due to the cost of carrying investments, especially in oil and gas, from which no benefit has been taken in the half-year but where indications for the future are encouraging.

The overall result for the group is a little lower than that for the same period last year.

● comment

It was not so much what Hambros said yesterday—banking profits have been flat and the contribution from the rest has fallen—but the absence of any positive news on the energy front which clipped the shares 12p to 146p. After a very sound rise in disclosed profits over the last couple of years (which is reflected throughout the majors in the merchant banking sector), Hambros is still carrying the burden of its recent energy investments with little or no return. The second half is now expected to enjoy a positive income flow from North American oil and gas prospects but, for the moment, the 17 per cent interim dividend rise has been determined by the performance of the quoted property and life assurance associates. There should be a point, sometime in 1983 perhaps, when Hambros takes energy revenue into equal (or greater) account, particularly when the North Sea involvement begins a positive return.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB — Telephone 01-621 1212

1980-81 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
114	100	ABI Hldgs. 10pc CULS	114	—	10.0	8.8	—	—
76	39	Airsprung	67	—	4.7	7.0	10.6	14.7
52	21	Armitage and Rhodes	43	—	4.3	10.0	3.6	8.1
200	92½	Bardon Hill	191	− 1	9.7	5.1	9.3	11.3
104	88	Deborah Services	95	—	5.5	5.8	4.7	8.9
128	88	Frank Horsell	122	—	6.4	5.2	11.0	26.5
110	39	Frederick Parker	59	—	1.7	2.9	35.7	—
110	47	George Blair	47	—	—	—	—	—
102	93	IPC	100	+ 1	7.3	7.3	7.2	10.9
113	59	Jackson Group	98	—	7.0	7.1	3.1	7.0
130	103	James Burrough	110	—	8.7	7.9	8.0	10.1
334	244	Robert Jenkins	277	− 5	31.3	11.3	3.9	9.8
53	50	Scruttons "A"	55	—	5.3	9.6	8.5	7.9
224	177	Torday	177	—	15.1	8.5	6.8	11.7
23	8	Twinlock Ord.	13½	− ½	—	—	—	—
90	68	Twinlock 15pc ULS	72xi	—	15.0	20.8	—	—
56	33	Unilock Holdings	33	—	3.0	9.1	5.9	10.0
103	81	Walter Alexander	84	—	6.4	7.6	5.5	9.3
263	181	W. S. Yeates	217	− 1	13.1	6.0	4.1	8.3

LONDON TRADED OPTIONS

Nov. 24 Total Contracts 1,346. Calls 959. Puts 387.

Option	Exercise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	280	54	14	60	4	—	—	328p
BP (c)	300	36	—	42	7	65	—	"
BP (c)	320	24	22	—	—	—	—	"
BP (c)	330	—	—	26	51	38	—	"
BP (p)	280	4	—	10	1	—	—	"
BP (p)	300	7	1	16	50	22	—	"
BP (p)	320	12	41	—	—	—	—	"
CU (c)	130	14	6	18	11	21	—	138p
CU (c)	140	9	40	13	—	17	—	"
Cons. Gld (c)	460	28	34	45	30	65	30	467p
Cons. Gld (c)	500	14	2	30	—	45	—	"
Cons. Gld (c)	550	4	1	15	—	20	—	"
Cons. Gld (p)	420	6	3	14	—	—	—	"
Cons. Gld (p)	460	22	15	30	—	40	—	"
Court'lds (c)	60	10	51	12½	2	15½	—	68p
Court'lds (c)	70	3½	3	6½	—	9½	—	"
GEC (c)	750	40	23	63	—	90	—	762p
GEC (c)	800	18	—	35	45	50	—	"
GEC (c)	850	7	166	20	3	—	—	"
GEC (p)	750	25	4	35	2	45	3	"
GEC (p)	800	53	20	62	—	70	—	"
Gr'd Met. (c)	180	10	9	15	26	22	—	176p
Gr'd Met. (c)	200	3	1	7	5	—	—	"
Gr'd Met. (p)	160	8	—	13	—	17	1	"
Gr'd Met. (p)	180	17	2	23	—	26	—	"
ICI (c)	280	15	10	26	41	36	—	282p
ICI (c)	300	7	2	15	—	—	—	"
ICI (p)	260	8	—	12	46	18	—	"
ICI (p)	300	28	30	32	—	—	—	"
Land Sec. (c)	260	66	4	76	—	—	—	321p
Land Sec. (c)	312	20	14	—	—	—	—	"
Land Sec. (c)	336	8	2	—	—	—	—	"
Mks & Sp (c)	120	11½	—	16½	7	22	—	126p
Mks & Sp. (c)	130	6	—	11	—	16½	7	"
Shell (c)	330	74	7	78	—	84	2	396p
Shell (c)	390	22	68	36	—	44	7	"
Shell (c)	420	9	—	22	1	—	—	"
Shell (p)	330	4	—	8	82	14	—	"
Shell (p)	360	7	25	15	—	20	—	"
Shell (p)	390	14	11	24	—	32	—	"
		February		May		August		
Barclays (c)	460	17	50	25	—	40	—	440p
Imperial (c)	60	6½	—	7½	—	9	30	65p
Imperial (c)	80	1¼	10	—	—	—	—	"
Imperial (p)	60	4	1	5	—	7	—	"
Lasmo (c)	500	35	5	47	—	57	—	479p
Lasmo (c)	550	20	1	32	—	—	—	"
Lonrho (c)	80	6½	12	9	5	11	—	80p
Lonrho (c)	90	3½	12	4½	26	—	—	"
Lonrho (p)	80	7	—	10	—	13	1	"
P & O (c)	140	7	2	9	—	—	—	123p
Racal (c)	390	40	2	55	—	67	—	405p
Racal (c)	420	25	12	38	8	50	—	"
Racal (p)	460	60	6	65	2	—	—	"
RTZ (c)	420	57	2	72	—	7	—	440p
RTZ (c)	460	30	13	47	1	7	—	"
RTZ (c)	600	8	5	14	—	—	—	"
RTZ (c)	650	4	7	—	—	—	—	"
RTZ (p)	420	13	2	17	—	27	—	"
RTZ (p)	460	35	10	40	1	47	—	"
RTZ (p)	500	60	33	70	—	—	—	"
RTZ (p)	550	112	2	113	2	—	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	26	40	—	—	—	—	$399
GOLD C	$400	83	24	83	38	—	—	"
GOLD C	$425	10	15	2	28	20	41	"
GOLD C	$450	—	—	84	15	—	—	"
GOLD C	$475	30	3.50	—	—	—	—	"
GOLD C	$500	17	2	—	—	—	—	"
GOLD P	$375	21	8	12	13	—	—	"
GOLD P	$400	79	16	80	22	—	—	"
GOLD P	$425	12	31	—	—	—	—	"
12¼ NL 81 87-91								
C	F.102.50	20	2.80A	—	—	—	—	F.103.00
C	F.105	110	1	45	2.10	—	—	"
C	F.107.50	100	0.60	—	—	21	2	"
P	F.102.50	20	1.60	—	—	120	4A	"
P	F.105	100	3	—	—	—	—	"
12 NL 81 85-88								
CF.100		50	1.30	40	3	—	—	F.99.80
CF.102.50		—	—	—	—	1	3.20	"
PF.97.50		—	—	—	—	100	3	"
PF.100		110	2.20	—	—	100	4.20	"
10¼ NL 80 86-95								
CF.97.50		50	0.80	—	—	1	2.70A	F.93.50
PF.92.50		—	—	—	—	20	4.50	"
		Jan.		April		July		
ABN C	F.300	5	2.60	—	—	—	—	F.283
AKZO C	F.20	—	—	10	3.20	—	—	F.22
AKZO C	F.22.50	—	—	10	2.40	10	2.60	"
AKZO C	F.25	—	—	55	1.10	25	1.90	"
HEIN C	F.40	—	—	1	4.80	—	—	F.41.60
HEIN C	F.45	—	—	8	2.50	5	3	"
HEIN P	F.45	—	—	11	3.80	—	—	"
IBM C	$55	—	—	—	—	2	3¼	$50¼
KLM C	F.90	12	8B	—	—	—	—	F.93.50
KLM C	F.100	96	3.70B	3	2.50B	—	—	"
KLM C	F.110	27	1.70	—	—	—	—	"
KLM C	F.120	2	1	—	—	—	—	"
KLM P	F.80	6	1A	10	2.60	—	—	"
KLM P	F.90	54	3.80A	10	7.70A	—	—	"
KLM P	F.100	31	9.80A	30	12.50A	—	—	"
KLM P	F.110	5	18.80A	—	—	—	—	"
NEDL C	F.140	20	9.50B	—	—	—	—	F.144.80
NEDL C	F.150	5	4B	—	—	—	—	"
NEDL C	F.160	—	—	7	5B	—	—	"
NEDL P	F.140	27	2.70	—	—	—	—	"
NEDL P	F.150	3	8A	15	9.60A	—	—	"
PETR C	Fr.4286	2	10	—	—	—	—	Fr.4100
PHIL C	F.17.50	27	1.80	—	—	47	2.80	F.18.70
PHIL C	F.20	178	0.30	61	1.10	37	1.30	"
PHIL C	F.22.50	79	0.10	60	0.50	—	—	"
PHIL P	F.25	—	—	4	0.20	—	—	"
PHIL P	F.17.50	30	0.50	5	0.90	5	1	"
PHIL P	F.20	98	1.80	100	2.20	—	—	"
PHIL P	F.22.50	40	4.30	10	4.40A	—	—	"
PHIL C	F.25	10	5.80	—	—	—	—	"
RD C	F.70	15	16.50B	—	—	—	—	F.86.10
RD C	F.80	186	8.50	48	12	—	—	"
RD C	F.90	82	2.90	83	5.80	—	—	"
RD C	F.100	6	0.60	101	2.60	—	—	"
RD P	F.70	8	0.30	—	—	—	—	"
RD P	F.80	113	1.90	2	3.50	—	—	"
RD P	F.90	53	6	—	—	—	—	"
UNIL C	F.150	—	—	9	7.30B	—	—	F.146.50
UNIL C	F.160	—	—	11	3.50	—	—	"
UNIL P	F.140	5	2	10	3.70	—	—	"
UNIL P	F.150	—	—	15	8.50	—	—	"
		Feb.		May		Aug.		
MANN C	DM.160	2	2.50	—	—	—	—	DM148.20
VEBA C	DM.140	4	1.60	—	—	—	—	DM128.50

TOTAL VOLUME IN CONTRACTS 3611

A=Asked B=Bid C=Call P=Put

RESULTS AND ACCOUNTS IN BRIEF

LONDON SHOP PROPERTY TRUST—Results for year to April 30 1981 reported October 2. Net surplus of £8.13m on revaluation of property at £28.27m (£20.58m); bank loans and overdrafts £1.79m (£2.3m); shareholders' funds £25.6m (£16.43m); increase in net liquid funds £345,000 (£328,000). Meeting, Winchester House, London EC, December 10, 1981, 2.30 pm.

NORTH ATLANTIC SECURITIES CORPORATION (investment trust)—Results for the year to September 30 1981 reported October 26. Shareholders' funds £18.76m (£13.48m) including surplus of revaluation of investments of £4.47m; fixed assets £30.1m [illegible]

Increase in liquidity £4.23m [illegible]. Chairman forecasts [illegible] dividend to September 30 1982 [illegible]. Meeting: [illegible] Winchester Street, London, EC, December 10 1981 at 2.30 pm. [illegible]

[illegible] من الأصل

PPOINTMENTS

RSEAS

Changes at Barclays Bank

Oliver Stöcken, an execu- director of Barclays unt Bank, is being ed to BARCLAYS BANK NATIONAL and appointed ctor and general manager Australian merchant bank, 's Australia, Sydney, from ry 1. He will remain a r of Barclays Merchant Mr Jonathan Scott, an ive director of Barclays unt Bank, will assume Mr n's duties as head of the ate advice division.

★

Adrian P. O'Neal, vice ent - engineering of NNELL DOUGLAS DNAUTICS COMPANY, has romoted to vice president- programmes. He replaces eodore D. Smith, who has . Operations director Mr th A. Francis succeeds Mr in the top engineering nd will be assisted by Mr A. Johnston, promoted to newly-created post of r-engineering. As part of organisation of responsi- , Mr Fred J. Sanders has given additional duties the new title of vice ent-new business opera- and navy programmes. He will oversee new business pro- posals and independent research and development.

★

Mr David J. Fogarty, senior vice president of Southern Cali- fornia Edison Company, has joined the board of PETRO- LANE, Long Beach.

★

Mr Kenneth C. Lucas has been apointed executive vice president of ENVIROCON, Vancouver. He comes from the Food and Agri- cultural Organisation of the United Nations in Rome, where he planned and directed the organisation's world fisheries management and development programmes covering marine, freshwater and aquaculture fisheries.

★

TEXASGULF INC. has appointed the following to its board: M Charles-Everard de T'Serclaes, M Michel Schneider-Maunoury and M Michel René Moreau. All three are execu- tives of Société Nationale Elf Aquitaine (SNEA), which owns about 65 per cent of Texasgulf.

★

SCANDINAVIAN BANK GROUP has appointed Mr Clint Arnoldus executive vice-presi- dent in charge of its Western America international branch in Los Angeles. Mr Arnoldus has been in charge of the inter- national banking division of Security Pacific National Bank in San Francisco.

★

Dr Robert J. Leslie has been named president and chief operating officer of TEXAS GENERAL RESOURCES, Houston. He will be responsible for all operations at the inde- pendent oil and gas company, which also has hard-rock mining interests. He was president and chief executive officer of Bluesky Oil and Gas.

★

Mr Klaus W. Herren has been appointed a manager of ZURICH INSURANCE COMPANY, Zurich.

★

SWISS BANK CORP has appointed Mr Georges Streichen- berg general manager and mem- ber of its chief executive com- mittee.

★

CLARK EQUIPMENT COM- PANY has made Mr James R. Rinehart, president, chief execu- tive officer and member of the board. Mr Rinehart has been president and general manager of General Motors of Canada. He succeeds Mr B. E. Phillips, who will remain as chairman.

★

MANUFACTURERS HAN- OVER TRUST has made the following changes: Mr Lee J. Nash has been elected executive vice-president, a member of the general administrative board and personnel policy committee. He will succeed Mr David J. Barry as officer-in-charge of portfolio and investment banking when Mr Barry retires in December. Mr Nash had been senior vice- president and deputy general manager, portfolio and invest- ment banking.

Other promotions include Mr Victor J. Melone, senior vice- president and deputy general manager, trust division; Mr Herbert F. Aspbury, senior vice- president, national division; Mr Michael M. Cassell, senior vice- president, portfolio and invest- ment banking; Ms Kristin Gamble, senior vice-president, trust division and Ms Joyce A. Healy, senior vice-president, metropolitan division.

★

Dr W. Guyer is to become an executive vice-president at the Zurich headquarters of CREDIT SUISSE on January 1.

★

Dr Markus Pfisterer is to resign on health grounds as board chairman of SPRECHER UND SCHUH AG, Arau, at the end of the year. His place at the head of the Swiss electrical engineering company will be taken by Mr Walter Hess.

UK POSTS

Mr Norman Leyland, Bursar of Brasenose College, Oxford, has been appointed to the board of MONTAGU BOSTON INVEST- MENT TRUST, a company managed by Drayton Montagu Portfolio Management.

★

Mr H. R. George, previously with Shell, has joined KEP- LINGER AND ASSOCIATES (UK).

★

THE STEEL WINDOW ASSO- CIATION states that Mr David J. Blake, managing director of Mellowes Metfab, has accepted the presidency. He is joined as vice-president by Mr Peter J. Johnson, technical director of the OCS Group.

★

The GRAIG SHIPPING COM- PANY has appointed Mr Peter Tudball as managing director.

★

Mr John Williams, chairman of FEEDEX AGRICULTURAL INDUSTRIES, will retire from the board on November 30. He has been chairman for 15 years and now wishes to devote more time to private business interests. Mr Ronald Mountifield, who has also served as a non- executive director for 15 years, will additionally become chair- man until the next annual general meeting.

★

Mr Oliver Stanley has been appointed a non-executive direc- tor of TRIDENT LIFE ASSUR- ANCE COMPANY.

ITRACTS

6¼m reactor core order

AD WRIGHTSON TEES- , a Davy Corporation com- has been awarded contracts e value of £6¼m for the and manufacture of r core components and r thermocouples for the am II and Torness nuclear station projects.

★

lding and civil engineer- ontracts worth £2.3m have awarded to member com- s of the JOSEPH CART- GHT GROUP in South and the West Country. s Middleton and Davies has three contracts valued at 00. At the Baglan Moors trial Park, Port Talbot, a 00 project for the Welsh opment Agency involves ating existing surcharge , forming a new road nkment and associated age and demolition. A 00 piling contract on lanfaes Bridge phase of the n flood alleviation scheme is driving sheet piling for bridge's existing piers—the t is Thyssen (GB)—while he Port of Bristol Authority are fulfilling a £78,000 act at Royal Portbury Dock.

lding contractor Hayward Vooster of Bath, has won s totalling over £1.9m. Four are for housing construc- tion; the largest, valued at £513,000, is for the construction of 21 homes in Haycombe Drive, Bath, for Bath City Council. Elmdale Housing Association has awarded a £318,000 contract that involves converting the old police-station at 695 Fishponds Road, Bristol, into four flats.

★

HENRY BOOT SCOTLAND has been awarded a £1.5m con- tract for the construction of nine factory blocks on the Oakland Industrial Estate, Mary- hill, Glasgow. These will con- tain 32 units each with steel- framed structures, reinforced concrete floors, and double skinned profiled metal cladding. External works are also to be undertaken in the 52 week con- tract.

★

WIMPEY CONSTRUCTION has a £1m contract for the erec- tion of an engineering facility in Cardiff Road, Cadoxton, Barry, as an ancillary to Dow Corning's basic silicones expansion.

★

DATASAAB has received an order worth about £365,000 from Berger Paints—a division of Berger, Jenson and Nicholson. The order calls for the replace- ment of IBM terminals and extension of real-time applica- tions throughout the company. The order consists of 116 Alfaskop System 41 data termi- nals, 33 printers and 17 remote controllers with flexible disc.

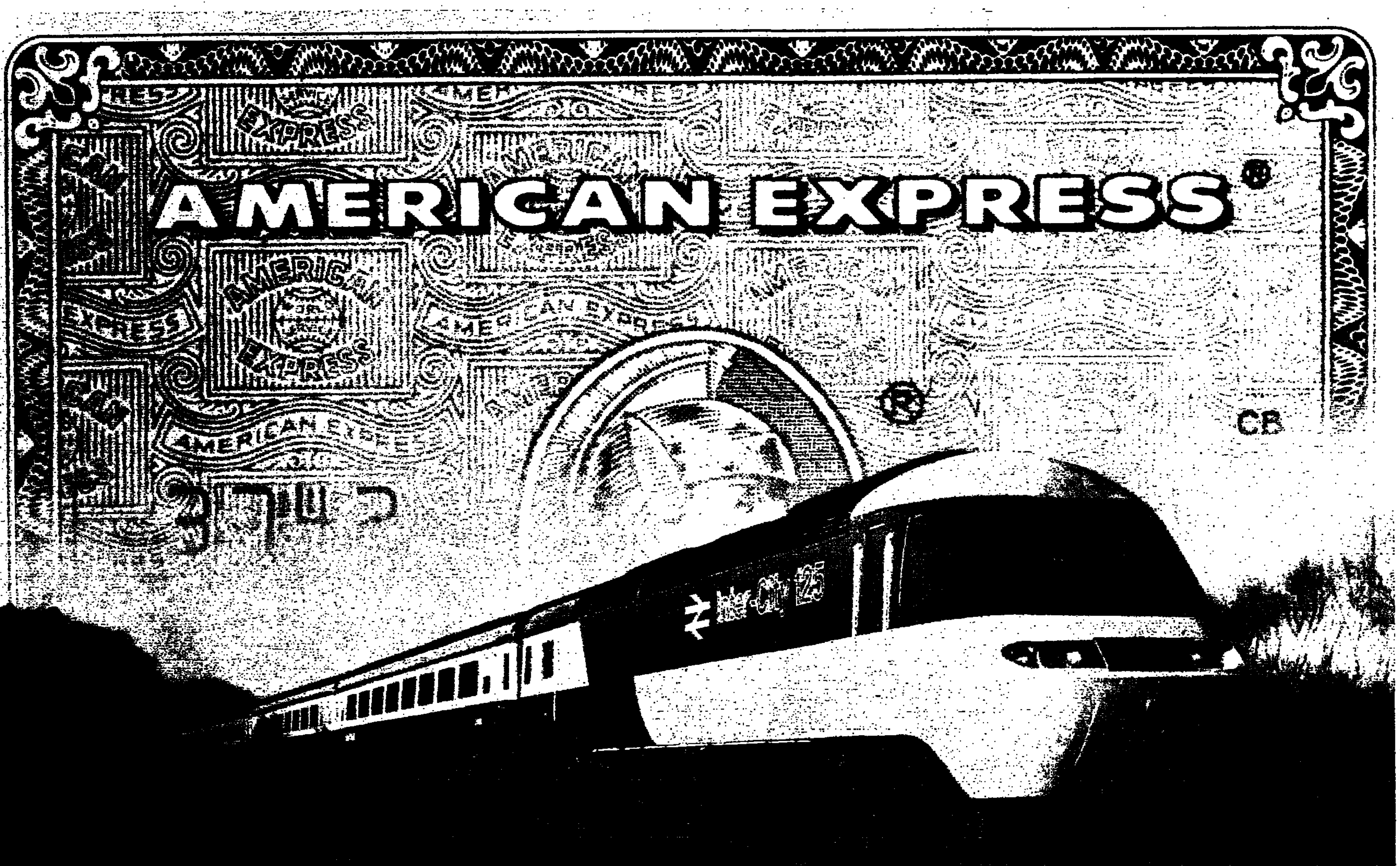
★

Esso has ordered two PRIESTMAN "Sealion" off- shore cranes worth £1.3m for delivery in the spring. The cranes have boom lengths of 190 ft and 140 ft and are capable of each lifting 100 tons at 30 ft radius. One of the cranes is to be supplied with 190 ft boom to give the necessary height to erect a drill tower during the initial construction of a plat- form which is to be sited in the Odin Field, Norwegian sector of the North Sea.

★

The £530,000 contract to refurbish a department store in Coney Street, York, has been won by FARROW CONSTRUC- TION (NORTHERN), a Lovell Construction company.

The company has also win a £234,000 contract for demolition and rebuilding connected with the updating of the outpatient facilities and x-ray departments at Stretford Memorial Hospital, Manchester.



VETERAN BUILDER STILL THINKS BIG

Levittown heads for Venezuela

BY IAN HARGREAVES IN NEW YORK

MR WILLIAM LEVITT, the American builder whose name became synonymous with low-cost suburban housing estates in the post-war U.S., yesterday announced what he claims to be the biggest single housing development in the history of the world.

Mr. Levitt, now in his mid-70s, said that in conjunction with Venezuelan partners, he planned to build a $700m project near Valencia, a rapidly growing city 100 miles west of Caracas.

These days, Mr Levitt is not allowed to use his family name in connection with business, because in 1978 a Court ruled that the name Levitt was an important proprietary component of the Levitt Corporation, which Mr Levitt sold to International Telephone and Telegraph (ITT) in 1968 and which later became part of the Starrett Housing Corporation.

The deal with ITT also involved Mr Levitt in a pledge not to build houses in the U.S. for 10 years, but since the expiration of that moratorium he has been building condominiums in Florida for all he is worth.

The Venezuelan project, however, promises to be the star act in the comeback of a man variously considered to be an important social prophet or a jerry-builder of the worst sort.

International Community, as Mr Levitt's business is now known, has formed a 50-50 joint venture which has in turn agreed with Venezuelan state agencies to clear a 3,750-acre site to build 25,500 family units, all related infrastructure and possibly, later, 29,900 flats.

The units will sell for about $20,000 each and will eventually house 300,000 people. Valencia, with an annual growth rate of 7.5 per cent, is the fastest growing city in Venezuela.

Mr Levitt said he expected to raise between $65m and $70m in construction finance from New York banks, whose risk exposure would be minimised by a $75m letter of credit from the Venezuelan Government.

The old master builder also demonstrated that, just as his Levittowns, as they are still known, became the foundations for the prosperity of America's lower middle classes, he has not lost a sense of mission.

"People who are not housed decently are fodder for Communism," he growled yesterday. "We have never found yet a nation that was well housed that turned Communist."

President Luis Herrera of Venezuela had, he added, given his personal approval to Levittown, Valencia-style.

Mannesmann lifts earnings and turnover

By Stewart Fleming in Frankfurt

MANNESMANN, the West German engineering group, has reported a further improvement in its earnings for the first nine months of its financial year.

Sales revenues in the period rose by 20 per cent to DM 10.4bn ($4.6bn) from DM 8.6bn a year earlier. Turnover of its domestic companies, helped by export demand and an acquisition, increased by 17 per cent to DM 8.3bn, compared with a 43 per cent rise to DM 3.1bn in sales by its foreign subsidiaries.

The company disclosed no profits figures for the nine months but said that overall earnings were higher than in the same period of last year.

The company is a leading producer of steel pipes and engineering equipment, and is a major beneficiary of the contracts for the construction of the new Soviet gas pipeline to Europe.

Mannesmann made clear yesterday that strong foreign orders, particularly for pipes, are supporting it at present, while domestic demand remains weak.

It pointed out that of the 20 per cent rise in sales, five percentage points were due to the acquisition at the end of last year of Hartmann and Braun. The new unit contributed 17 per cent of domestic sales.

Weak domestic demand also explained the rise from 55 per cent to 59 per cent in exports' share of sales.

Dome plans to sell more assets

BY OUR FINANCIAL STAFF

PLANS FOR a further sale of assets of Hudson's Bay Oil and Gas (HBOG), were announced yesterday by Dome Petroleum, bringing to C$1.4bn (U.S.$1.2bn) the total potential disposals so far.

Dome said it expects to sell a 12.5 per cent interest in HBOG's Canadian oil and gas properties, to TransCanada PipeLines, a natural gas transmission company which it controls.

No price is given for the latest deal but, the proposal follows closely on Dome's announcement that it will sell similar sized stakes in HBOG's Canadian energy interests to Dome Canada, which it also controls, and to Maligne Resources, a subsidiary of Dow Chemical, for a total of C$890m.

Dome Petroleum at present owns 53 per cent of HBOG and is buying up the rest of the equity. It has 48 per cent of Dome Petroleum and 47 per cent of TransCanada PipeLines.

Under its deal with Dome Petroleum, Maligne Resources will purchase a 12½ per cent undivided interest in all of HBOG's Western Canadian oil frontier lands, Syncrude Canada and other oil sands properties.

Dome Petroleum has filed with the U.S. Securities and Exchange Commission a combination preliminary proxy statement and registration statement regarding the special meeting of HBOG shareholders.

The meeting will be held to approve the proposed merger through which Dome Petroleum will acquire the 47 per cent of HBOG it does not already own.

Volatile day for Eurobond prices

BY ALAN FRIEDMAN

PRICES OF seasoned Eurodollar bonds lost around ½ point yesterday after a volatile day that was heavily influenced by events in the New York bond market.

Within the first hour of trading dealers marked prices down one point or more on the back of Monday's setback in New York. But as Fed funds fell below 12 per cent and several U.S. banks cut prime rates by ½ to ¾ per cent, Eurobonds rebounded, reducing the average decline of prices.

S. G. Warburg announced an increase in the indicated coupon for the Kingdom of Sweden's $150m seven-year offer from 14½ to 14¾ per cent.

The indicated issue price remains at 97½, suggesting a rise in the yield from 14.85 to 15.36 per cent. The Sweden issue has been moving less quickly than others in the market and the change in indicated coupon represents a realisation on the part of the borrower and lead-manager that the issue was out of line with both New York and European markets.

A $30m convertible bond was launched last night for Renown, a Japanese clothing wholesaler. The 15-year issue, led by Daiwa Securities, carries a 5¾ per cent coupon and an indicated conversion premium of 5 per cent. Its arrival on the Eurodollar market is not, however, an indication that Japanese convertibles will again be coming as thick and fast to the market as they did a few months ago.

In the Asian dollar bond market, a $50m seven-year issue was launched for HCA Finance, the vehicle for the Hospital Corporation of America. The bonds carry a 15½ per cent coupon and the issue is being led by Nomura Securities.

The widely expected DM 250m 10-year World Bank issue materialised in Frankfurt with the bonds carrying a coupon of 10 per cent. Lead manager is Deutsche Bank.

The D-mark foreign bond market followed New York with a ½ point mark-down in the morning, but later recovered with prices roughly unchanged.

The DM 150m Hydro Quebec issue was priced at 100½ with a coupon of 10¼ per cent. Lead manager is WestLB.

Record bid fee prospect for First Boston

By Paul Betts in New York

FIRST BOSTON, the Wall Street investment house currently advising Marathon Oil in its efforts to merge with U.S. Steel and fend off a hostile takeover by Mobil Oil, will earn at least $17.5m if the U.S. Steel bid succeeds.

The fee would set a new record for an investment bank and is far higher than the $14m First Boston earned for advising Du Pont in its successful takeover bid for Conoco this summer or the $14.6m Morgan Stanley collected for advising Belridge Oil Company in its sale to Shell Oil two years ago.

If the U.S. Steel-Marathon deal does not succeed First Boston will still collect about $2m from Marathon. If it succeeds but U.S. Steel increases its current offer, First Boston will earn much more than $17.5m.

The final fee is set on the final price U.S. Steel will pay for Marathon shares if it takes over the oil company. At the current price of $125 a share for 51 per cent and notes valued at present at around $82 a share for the rest of Marathon stock, First Boston would earn $17.5m.

But Wall Street expects U.S. Steel to increase its bid should Mobil, or for that matter another oil company, come back with a higher offer. U.S. Steel this week raised its credit line with a group of major banks from $3bn to $5bn, in a move suggesting the steelmaker is preparing to bid higher if necessary.

U.S. Steel is being advised by Goldman Sachs, another Wall Street investment house which could earn as much as $10m if its client wins the battle for Marathon.

Host rejects Marriott for DFS Group

By Our Financial Staff

HOST INTERNATIONAL, the largest U.S. operator of airport terminal food service and merchandise facilities, has agreed to a $141.9m takeover offer by the DFS Group of Hong Kong and rejected a $139m bid by Marriott, the major U.S. hotels and food service group.

Marriott last weekend countered an initially agreed $24.25 a share bid by the Hong Kong group by offering $29 for each Host share. The offer by DFS has now been increased to $29.25 a share.

A statement by Host's directors reveals that in connection with the latest agreement with the DFS Group it has granted the Hong Kong company an option to acquire 875,000 Host shares at $29.25 a share. DFS has also received an option to buy certain Host merchanise and duty-free shops.

If the option is fully exercise, Host will receive $20m cash plus an unspecified payment for stocks.

Penn Central, Colt Industries drop merger

By Our Financial Staff

COLT INDUSTRIES and Penn Central Corporation jointly announced that at the request of Colt the agreement to merge Colt into a subsidiary of Penn has been terminated.

Penn Central said it has directed Manufacturers Hanover Trust to return promptly to Colt shareholders the stock certificates tendered

Penn's terms had valued Colt, which produces specialty steels and industrial and power equipment at some $1.33bn.

Mr Richard Dicker, chairman and chief executive of Penn Central, said: "While it is regrettable that the benefits of the acquisition of Colt could not be realised, Penn Central will now direct its energies and resources toward the achievement of its strategic objectives through other programmes."

Russian bank raises $100m Eurocredit

By Our Euromarkets Staff

A $100m five-year Eurocredit is being arranged for the Moscow-based International Investment Bank (IIB). The facility, which marks a rare appearance by the Soviet organisation, is being led by Dresdner Bank International in Luxembourg.

The credit carries a spread of ½ per cent above the London interbank offered rate (Libor) for the first two years and ⅝ per cent for the remaining three.

Other banks in the club deal are the Bank of Tokyo, Citicorp, Lloyds Bank International, Zentralsparkasse und Kommerzialbank, Deutsche Girozentrale and Banque Continentale de Luxembourg.

Banks shoulder more of the North Sea risks

The speed of Marathon Oil's $650m South Brae financing underlines a vast change in bankers' attitudes, writes William Hall, Banking Correspondent

THE $650m "secured proceeds production payment" to cover the vast bulk of Marathon Oil's contribution to the financing of the $2bn South Brae Development marks another milestone in the short history of project finance in the North Sea.

Although it is always risky to make such claims in the ephemeral world of "project finance," National Westminster Bank, which led the 20-bank lending syndicate, along with Chase Manhattan, believes that the seven-year credit breaks new ground in terms of the amount of risk banks are prepared to assume when making a loan.

The banks have agreed that, subject to certain conditions, they will lend half the money ($325m) on a completely non-recourse basis before the project is brought on stream in mid-1983. In addition when the flow of oil builds up to an agreed future level the banks are willing to move the whole loan onto a non-recourse basis and assume the full risk themselves.

Mr Ron Bennie, general manager of National Westminster's international banking division, says that it is the first credit of this nature which has been concluded in the North Sea.

Until now banks generally have balked at being asked to assume the risk that a project will not be completed in the North Sea. Normally, this risk has had to be borne by the operator.

Mr Roger Byatt, head of National Westminster's energy and natural resources section, denies that the banks involved are taking any greater risks than normal. "Our understanding of the oil industry has increased considerably and the risks we are now taking are less than in the very early days of North Sea finance," says Mr Byatt.

Nevertheless, the speed and willingness with which the banks put together the South Brae financing underlines the vast change in bankers' attitudes which has taken place since National Westminster, Lazards and Morgan Guaranty put together the first major North Sea project financing for BP's Forties field in 1972.

At that time, many UK clearing bankers said that this sort of lending was too risky for them, and the majority of the finance had to be put up by foreign banks that were more in tune with oil industry lending practices.

Although the £360m Forties field financing was hailed as a major breakthrough in terms of the risks the lending banks were prepared to assume, it looks relatively tame compared with current deals.

The only risk the banks were prepared to accept in the Forties' field financing was that there was not sufficient oil under the North Sea to pay off the loan. It was the responsibility of BP to get the oil out of the ground.

Since then the degree of risks banks are happy to accept has been increasingly extended and in the current financing all the UK clearing banks were anxious to participate. Their earlier concern about the riskiness of such lending appears to have evaporated.

In addition to taking the "oil in place" risk the banks in the South Brae financing are now prepared to take a substantial amount of the risk that the project will be completed and that it is technically possible to get the oil out of the ground and sold.

The banks are dependent on the engineering capabilities of Marathon to bring the South Brae oil ashore. In addition the banks are assuming a political risk in the project if, for example, depletion controls are introduced to cut production, or the assets are sequestered by an unfriendly government at some later stage.

Naturally, the banks have sought certain assurances from the UK authorities. Nevertheless, the banks are taking certain risks which had not been considered desirable a few years ago, including the risk that the oil price might fall.

Within the banking community, the project finance experts rationalise the increasing degree of risk they are prepared to accept on behalf of the banks, by saying that by properly identifying the risks, they can to a large extent *eliminate them*.

So far this has been a successful approach. The banks in the BP Forties financing have long since been repaid and NatWest's Mr Roger Byatt says that he is not aware of any bank that has lost money or had to reschedule its loans on North Sea projects.

Nevertheless, bankers are aware that despite their willingness to assume a greater proportion of the risks in large project financings, the rewards have not increased commensurately. At the time of the Forties deal the banks earned margins of 1½ per cent to 1¾ per cent over London Interbank offered rates.

In the South Brae financing Marathon is not revealing the terms but they are believed to be considerably finer than in the case of the Forties financing. In addition, the days when bankers could ask for royalty payments on top of their normal banking margins to compensate them for the extra risk involved, are over.

Mr Byatt stresses that the banks are not putting up the equivalent of equity capital in such deals. "It is not our function to put up high risk capital," he says. Nonetheless, the role of equity in international projects continues to decline while the importance of bank debt steadily increases.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday December 15.

Closing prices on November 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	102½	103	−0⅝	−1⅛	15.80
APS Fin. Co. 17¼ 86	60	104⅜	104⅞	−0⅝	−1¼	15.82
Br. Colum Hyd. 16¼ 88	100	103½	104	−0⅜	−0⅞	15.32
Br. Colum. Mis. 17 97	64	103¾	104¼	−0¼	−1⅛	16.27
Caterpillar Fin. 16½ 86	100	103½	104	−0⅜	−0⅞	15.34
CIBC 15¼ 86	75	101⅜	101⅞	−0½	−0⅝	14.66
CIBC 16¾ 91	100	104½	105	−0⅝	−1	15.75
Citicorp Int. Fin 15 86	150	100⅞	101⅛	−0⅝	−1¾	14.66
Citicorp O/S 15½ 84	175	102⅞	103⅜	−0⅜	−0¼	13.85
Citicorp O/S 16¾ 86	150	103⅛	103⅞	−0½	−1⅞	15.60
Cities Service 17 88	150	106¼	106¾	−0⅜	−0⅝	15.35
Con. Illinois 14¾ 84	100	99½	100	−0½	+0½	14.79
Cons.-Bathurst 17½ 88	60	102½	103	−0¼	−1⅛	16.79
CPC Fin. 16¾ 86	50	105⅝	106⅛	−0⅝	−2	14.90
EEC 14¾ 93	65	97¼	97¾	0	−0¾	15.18
EIB 16½ 88	100	102¾	103¼	−0½	−1⅛	15.71
EIB 16¾ 91	100	104¼	104⅝	−0½	−1	15.83
Ford Cr. O/S Fin 16 85	150	98¼	98¾	−0⅜	−0⅛	16.28
GMAC O/S Fin. 14¾ 87	100	98	98½	−0⅜	−1⅛	15.17
GMAC O/S Fin. 16½ 84	300	102	102½	−0½	−1	15.48
Gulf States O/S 17½ 88	60	106½	107	−0½	−1	16.78
IBM Wld. Trade 14⅜ 84	100	101½	102	−0⅜	−1⅜	13.78
IBM Wld. Trade 14¾ 85	60	102⅛	102⅝	−0⅜	−1⅛	13.81
Nat. Bk. Canada 16½ 88	40	101⅛	101⅝	−0½	−0⅝	16.80
New Brunswick 17 88	60	106⅜	106⅞	−0½	−1	15.33
Newfoundland 17¼ 89	60	106½	107	−0⅝	−1⅜	15.66
Nova Scotia 15 91	75	98⅜	98⅞	−0⅛	−0⅞	15.23
Ohio Edison Fin. 17½ 88	75	104	104½	−0⅛	−1⅛	16.39
Pacific Gas Elec. 16 88	75	102⅛	102⅝	+0⅛	−0⅞	15.35
PSNH Int. Fin. 17 86	30	102¼	102¾	−0⅜	−1⅛	16.12
Quebec Hydro. 17¼ 91	150	106¼	106¾	−0¾	−1⅜	15.88
Saskatchewan 16¼ 88	100	102⅛	102⅝	−0⅛	−0⅛	15.66
Shell Canada 15¾ 91	100	104	104½	−0⅞	−0⅝	14.87
South California 14¾ 88	50	100⅜	100⅞	−0¼	−0⅜	14.54
Swed. Ex. Cred. 16½ 93	75	101½	102	−0	0	16.16
Tenneco Int. 17 89	100	105½	106	−0⅛	−0⅛	15.84
Transcanada 17¾ 88	75	106¼	106¾	−0⅜	−1¼	16.06
Walt Disney 15⅞ 86	100	102⅜	102⅞	−0¼	−1½	14.96
Wells Fargo Int. 15½ 84	50	102⅞	103⅜	−0¼	−1	13.85
Winnipeg 17 86	50	105⅞	106⅜	−0½	−1⅜	15.11
World Bank 14¼ 86	500	98¼	98¾	−0⅝	−1	14.77
World Bank 16 86	210	102	102½	−0⅜	−1⅛	15.17
World Bank 16 88	80	102¼	102¾	−0¼	−0⅞	15.32
World Bank 16½ 86	130	103⅞	104⅜	−0⅜	−1⅛	15.19
World Bank 16⅞ 88	100	103¾	104¼	−0⅝	−1⅛	15.48

Average price changes... On day −0½ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	98⅝	99⅛	−0¼	+0¼	10.15
Asian Dev. Bk. 10¾ 89	100	100⅝	101⅛	−0¼	−0⅜	10.55
Austria, Rep. of 8¼ 92	150	89⅝	90⅛	0	−0⅜	9.82
Belgelectric 11 91	100	101	101½	0	−0¼	10.78
CECA 10 91	120	100⅛	100⅞	−0⅜	−1	9.90
Council of Europe 10 91	104	99⅝	100½	0	+0⅜	10.02
Cncl. of Europe 10¾ 91	100	99¾	100¼	−0¼	−0⅜	10.28
EIB 8½ 90	200	91⅞	92⅝	−0¼	+0⅞	9.84
EIB 10½ 91	200	101¼	102	−0⅛	−0¼	10.20
ESCOM 9¾ 87	100	94⅞	95⅜	0	+0¼	10.35
Finland, Rep. of 10 89	100	98⅛	98⅞	−0⅛	−0⅛	10.27
Ind. Bk. Finland 8½ 90	50	90⅞	91⅝	+0⅛	+0⅛	10.02
Int.-Am. Dv. Bk. 10 91	100	99⅛	99⅞	+0¼	−0⅛	10.07
Japan Air Lines 8⅞ 87	100	94	94½	+0⅛	+0⅛	9.40
Japan Dev. Bk. 7¾ 87	100	92⅛	92⅞	0	+0⅛	9.35
Midland Int. Fin. 8½ 90	140	93¼	94	+0¼	−1	9.59
Mt. Bk. Dnmk. 10½ 91	100	99⅝	100⅛	0	−0⅛	10.54
Nat. West. 11 91	125	103⅜	103⅞	−0⅛	−0⅛	10.38
OKB 10⅛ 91	150	100	100⅜	0	−0⅛	10.06
Renault Accept. 10¾ 86	150	100	100½	−0⅛	−0⅛	10.61
Swed. Ex. Cred. 10½ 91	100	98⅝	99½	−0⅝	−0⅛	10.39
Venezuela, R. of 9¾ 90	150	93¾	94⅛	−0⅜	−0⅜	10.87
World Bank 11 91	100	103½	104	−0⅛	−0⅜	10.38

Average price changes... On day −0½ on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	93⅛	93⅞	−0⅛	−1	7.52
BFCE 6¼ 91	100	†93½	94	−0⅜	+0⅛	7.45
Bayer Int. Fin. 5¾ 92	100	90	90½	−0⅜	−2	6.53
Belgelectric Fin. 7¾ 91	100	102½	102¾	−0½	−0⅛	7.35
Bergen, City of 6¾ 91	40	100¼	100⅜	−0⅛	+0⅛	6.71
CECA 6¾ 91	80	97¼	97¾	−0⅞	+1⅜	7.11
Dome Petroleum 5¾ 91	100	90¾	91	+0¼	−0¼	7.13
Dome Petroleum 7¼ 90	100	102¾	103	−0¼	+0⅝	6.79
Elec. de France 5¼ 90	100	87	87¼	−0⅛	+0⅛	7.27
Eurofima 5¾ 92	80	†88	89	−0¼	−0⅜	7.32
Finland, Rep. of 5¾ 90	80	†87½	88	−0⅝	−0⅜	7.59
Franc. Petroles 6½ 91	80	†93	93¼	0	0	7.54
Genstar 7 91	100	102	102¼	−0¼	+0⅞	6.68
Int. Amer. Dv. Bk. 7 91	100	97½	97¾	−0½	−0½	7.35
I/S Elsam 8¼ 91	30	104¼	104½	+0⅛	+0⅛	7.84
Japan Dev. Bank 5¾ 90	100	93	93¼	−2⅝	−0⅜	6.80
Mt. Blanc Tunnel 5½ 90	60	88⅝	88⅞	−0¼	+0¼	7.36
Neder. Gasunie 8 91	100	105	105¼	−0⅛	+0¼	7.26
OKB 7 93	100	98⅞	99¼	0	+0⅝	7.12
Oslo, City of 8 91	100	104⅞	105⅜	−0½	+0⅞	7.27
Swed. Ex. Credit 7¼ 91	75	96⅜	96⅞	−0½	+0½	7.74
Trade Dev. Fin. 6⅛ 90	50	90½	90¾	−1⅛	−0½	7.62
Voest-Alpine 5¾ 90	80	88½	89⅛	−0⅛	+0⅜	7.56
World Bank 6 91	100	†91	91½	0	−0¼	7.33
World Bank 7 90	100	99⅝	99⅞	+0⅛	−0⅜	7.03
World Bank 8 91	100	104½	104⅝	−0¼	+0⅞	7.34

Average price changes... On day −0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	98	99	0	+0½	8.48
Australia 6½ 88	20	88⅜	88⅞	0	+0⅝	8.83
EIB 7¾ 89	12	95½	96½	0	−0⅛	8.46
Finland 6.8 88	10	88⅝	89⅛	+0⅜	+1¼	9.10
Finland, Rep. of 8⅛ 87	15	98⅞	99⅞	−0⅛	+0⅝	8.50
New Zealand 8⅛ 87	15	99¾	100¾	0	−0¼	8.30

Average price changes... On day 0 on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 CS	50	†96	97	0	+1	14.77
CIBC 11½ 85 CS	60	†92	93	0	−0¼	14.21
Federal Dev 11½ 90 CS	60	†81	82	+1	+0½	15.48
Federal Dev. 17¾ 86 CS	40	†104¼	105¼	+0¼	+1¼	16.25
Fst. Can. Inv. 10 84 CS	50	†89	90	0	0	15.32
GMAC (Can.) 18 87 CS	60	†104	105	0	0	16.69
Tordom Cpn. 13½ 85 CS	30	†96	97	0	−0½	14.77

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	80	81	+0⅛	+2⅛	12.53
SOFTE 8¾ 89 EUA	40	74¼	75⅝	+0⅛	−0⅛	13.71
U. Bk. Nwy 9½ 90 EUA	18	85¼	86¼	+3¼	+5⅛	12.21
Algemene Bk. 10¼ 86 Fl	60	96¼	96¾	−0⅛	0	11.29
Amfas Group 12¼ 86 Fl	40	98¾	99¼	−0⅛	0	12.53
Amro Bank 12 88 Fl	75	101½	102	+0⅛	+0⅛	11.44
Amro Bank 12 86 Fl	80	100⅛	100⅝	+0⅛	−0⅛	11.88
Heineken NV 10 87 Fl	100	94	94½	−0⅛	+0⅝	11.47
Pierson 10¼ 86 Fl	50	94¼	94¾	−0⅛	+0⅛	11.93
Rabobank 12 86 Fl	50	100⅛	100⅞	−0⅛	−0⅛	11.84
Air France 14½ 86 FFr	200	91⅝	92⅝	+0⅛	0	17.10
Bk. America 14½ 86 FFr	250	92	93	+0⅛	0	16.94
Charb'nages 13¾ 86 FFr	400	90¼	91¾	0	0	17.01
EIB 14¼ 88 FFr	300	87¾	88¾	+0⅛	+0⅛	17.81
La Redoute 14⅛ 85 FFr	125	90	91	+0⅛	0	17.81
OKB 14 86 FFr	400	91¼	92¼	+0⅛	0	16.81
Solvay et C. 14¼ 86 FFr	200	90⅞	91⅞	+0⅛	+0⅛	17.69
Swed. E. Cr. 14⅝ 86 FFr	250	90⅝	91⅝	+0⅛	+0⅛	17.60
U. Mex. Sts. 14 86 FFr	150	91⅛	92⅛	+0⅛	+0¼	17.26
Acona 14 86 £	20	91⅝	92⅝	0	+0⅛	16.84
Beneficial 14¼ 90 £	20	84⅝	85⅝	+0⅛	+0⅜	17.65
BNP 13½ 91 £	15	84⅞	85¼	−0¼	−0¼	16.86
CECA 13½ 88 £	20	89⅝	90⅝	+0⅛	+0½	15.94
Citicorp O/S 13½ 90 £	50	90⅜	91⅜	−0⅛	+0⅛	15.61
Fin. Ex. Cred. 13¾ 86 £	15	92⅛	93⅛	−0⅛	−0⅛	16.16
Gen. Elec. Co. 12¾ 89 £	50	87⅛	88⅝	−0⅛	−0⅛	15.33
Hiram Walker 14¼ 86 £	25	94⅜	95⅜	+0⅛	−0⅝	15.87
Privatbanken 14½ 88 £	12	92½	93¼	−0⅛	−0½	16.24
J. Rothschild 14¼ 90 £	12	93¼	94¼	0	+0⅛	15.53
Royal Trustco 14 86 £	12	94⅛	95⅛	−0½	−0½	15.75
Swed. Ex. Cr. 13⅜ 86 £	20	92	93	−0⅝	−0½	16.23
Akzo 9⅜ 87 LuxFr	500	86⅝	87⅝	+0¼	+0⅜	12.41
Euratom 9¾ 88 LuxFr	500	87½	88½	+0⅛	+0⅛	12.70
Eurofima 10½ 87 LuxFr	500	89⅛	90⅛	−0⅛	+0½	13.12
EIB 9¾ 88 LuxFr	600	84⅞	85⅞	0	+0⅜	13.38
Volvo 9⅜ 87 LuxFr	500	85⅛	86⅛	0	+0⅛	13.31

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99⅝	100⅛	18/12	16⅛	16.77
Bank of Montreal 5¼ 91	0¼	100¼	100¾	29/4	17.06	16.98
Bk. Nova Scotia 5¼ 93	0⅛	100½	101	29/4	17.06	16.94
BBL Int. 5 86	0¼	99⅞	100⅜	20/5	13½	13.48
BFCE 5¼ 88	0¼	100¼	100¾	26/4	16.94	16.86
BNP 5½ 88	†0⅛	100¼	100¾	29/1	16⅜	16.69
Christiania Bk. 5½ 91	†0⅛	98⅞	99⅜	5/2	15.56	15.70
Co-Ban Eurofin 5½ 91	0¼	98⅞	99⅜	14/4	16.69	16.82
Den Norske Credit 6 90	†0¼	99⅛	99⅝	5/2	15.56	15.66
Genfinance 5¼ 87	0⅛	101	101½	30/4	17.06	16.85
Genfinance 5¼ 92	0⅛	99¾	100¼	30/12	18.31	18.31
Giro und Bank 5¾ 91	†0¼	99⅝	100⅛	23/12	17½	17.52
GZB 5¼ 92	†0⅛	98¾	99¼	5/12	17⅛	17.42
Ind. Bank Japan 5¼ 88	0¼	100⅝	101⅛	9/4	16⅝	16.49
Ind. Bank Japan 5⅛ 88	0⅛	99	99½	9/11	5⅛	5.30
Lloyds Eurofin 5¼ 92	§0⅛	98⅞	99⅜	4/12	17.44	17.59
Lloyds Eurofin 5¼ 93	§0⅛	100⅜	100⅞	29/4	17.13	17.02
LTCB Japan 5½ 89	0¼	99⅞	100⅜	16/1	18.32	18.29
Midland Int. Fin. 9 91	0¼	100⅜	100⅞	30/4	17.06	16.96
Nacional Fin. 5½ 88	0¼	99⅛	99⅝	25/3	17.31	17.51
Nat. Bk. Canada 5¼ 88	0¼	100	100½	24/3	17.31	17.27
Nat. West. Fin. 5¼ 91	§0⅛	99⅜	99⅞	15/1	18⅛	18.19
Nat. West. Fin. 5¼ 92	§0⅛	100¼	100¾	23/4	17	16.92
Nordic Int. Fin. 5½ 91	0¼	99¼	99¾	6/5	15⅝	15.72
Pemex 6 91	0¼	98⅜	98⅞	8/4	17	17.24
Pemex 5¼ 88	0¼	98⅛	98⅝	14/2	18.81	19.08
Sanwa Int. Fin. 5¾ 88	0⅛	100	100½	24/3	17¼	17.21
Societe Generale 5¼ 91	0⅛	99½	100	22/1	18⅝	18.67
Sparebanken 6 87	0¼	98⅞	99⅜	19/12	16.81	16.96
Standard Chart. 5¼ 91	0⅛	98⅝	99⅛	18/11	5¼	5.31
Sumitomo Fin. 5½ 88	0¼	100⅞	101⅜	6/2	19.58	19.35

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¾ 96	7/81	933	97⅜	98⅞	−0¼	−1.21
Bow Valley Inv. 8 95	4/81	23.12	99½	101	+0½	23.40
Canon 6¾ 95	1/81	829	113¾	115¼	−2⅞	−0.45
Daiwa Secs. 5½ 96	12/81	539	†86	88	−1⅛	1.42
Fujitsu 4½ 96	10/81	6770	102½	104	−0¼	3.15
Furukawa Elec. 5¾ 96	7/81	300	118⅞	120⅛	−5⅛	−5.43
Hanson O/S Fin. 9¼ 96	8/81	2.74	*†84	85	0	−4.77
Hitachi Cred. Cpn. 5 96	7/81	1966	97¼	99¼	−2¼	6.45
Inchcape 8 95	2/81	4.55	†61	62½	−1	18.46
Kawasaki 5¾ 96	9/81	229	80⅛	81⅝	−1⅛	−2.42
Marui 6 96	7/81	931	102⅜	103⅞	−0¼	−1.86
Matsushita El. 7½ 95	11/80	590	91½	93	−1½	−1.85
Minolta Camera 5 96	10/81	909	76¼	77¾	−1⅛	7.16
Murata 5¾ 96	7/81	2190	83¼	84¼	−2⅛	5.74
NKK 6½ 96	7/81	188	97⅞	99⅛	−1⅛	−2.30
Nippon Chemi-C. 5 91	10/81	919	80½	82½	+0¼	1.72
Ricoh 6⅛ 95	8/80	684	115⅞	117⅞	−5	−6.72
Sanyo Electric 5 96	10/81	652	84⅝	86¼	−1½	7.76
Sumitomo Met. 5¾ 96	10/81	305	86⅜	87⅞	−2½	0.24
Swiss Bk. Cpn. 6¼ 90	9/80	200	†81	83	−3	18.77
Taylor Woodrow 8¾ 90	1/81	4.94	*†77	78	0	−0.98
Transco Int. 8¾ 96	2/81	88	†91½	93	−0½	27.84
Tricorp 8½ 95	12/80	31.25	†76	77½	+0½	34.18
Union Bk. Switz. 5 89	2/80	70.75	†88	90	−2	6.25
Sharp Cpn. 6½ 88 DM	9/80	691.5	170¼	171⅛	−9½	−5.68
Uny Co. 6⅛ 85 DM	11/79	879.3	103¼	104¾	−0¼	−2.10

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

ɹrnings ːall 3rown veri

Wicks in Baden

ɪGS OF Brown Boveri, ss-based engineering ·ill be lower this year Franz Luterbacher ı of the parent said in Baden y. Turnover is l to be about the s the SwFr 10bn) recorded last year. ter to shareholders ınsolidated cash-flow t reach 1980 levels. uld mean the fourth ɪe drop since the 1977 of SwFr 645m ı). Last year, cash- by 15 per cent over SwFr 412m, the lowest seven years.

y, the board said 1981 ' was unlikely to fall and Herr Luterbacher ı would probably have but for the interven- ɾked rise in interest ıd the Swiss franc. ɔrders received by the ıre expected to rise ween 5 per cent and r cent over the .48bn of 1980 despite ompanies being more about accepting at unsatisfactory

parent company, BBC Boveri and Company e additional deprecia- ds this year, the chair- d. The extent was not ever, and it was too forecast 1981 results ends.

Luterbacher stressed own Boveri would con- s long-term efforts to ıp its U.S. operations third leg" beside the activities in Germany itzerland.

over at the Swiss company in Baden, is d to be below the 2.8bn booked in 1980. ing profits, down last rom SwFr 161m to 45.5m, are likely to fall owing to the inability set cost increases by ılisation or price nents.

ˉvetti in deal h Northern ecom

ert Cornwell in Rome

TI, Italy's leading ɪuipment maker, has agreement with ı Telecom to manu- under licence voice telephone exchanges by the Canadian

ıodel concerned, the already marketed in ɾnder licence by under the brand- CS 6000, and has he latter achieve a ıt position in the fast PABX private tele- stems sector.

ıove is in line with determination to trong position in the the fully automatised nic office."

Terry Dodsworth on France's policy towards foreign groups

Socialists look for a compromise

AFTER A lengthy parliamentary debate, months of polemics and volumes of comment, it is difficult to believe that any aspect of the French nationalisation issue remains uncertain. Yet th is is the case for the three foreign *nationalisables*, Cii Honeywell Bull, Roussel Uclaf and ITT. It is still not at all clear what the Government wants to do with them.

The situation of these companies is a neat illustration of the tangles the Government has got itself into with parts of the nationalisation programme.

All were put on the takeover list in the mid 1970s, partly because of the Left's passion for new technology, and partly in the counter-attack against multinationals. But since then, events have tended to outdistance dogma. Some of the technological arguments are no longer relevant, while the multinationals are either proving necessary partners, or have had their teeth drawn.

Take the example of Cii, France's leading computer company. Like all computer groups, Cii eats up vast funds in research and development expenditure. In 1976, the Government decided to put a *stop to this ever increasing* drain on the public purse and did a deal with Honeywell which gave Cii access to the U.S. company's technology. Yet if Honeywell is taken over, this co-operation will gradually cease.

To make the situation even more paradoxical, the Government will in any case gain control of Cii because it is taking over Saint Gobain, the other main shareholder. And to add still further to the oddity of the project, the buying out of Honeywell will cost the French *taxpayer a great deal of money* —the 1976 co-operation contract contains a clause giving the U.S. company rights to compensation of between $230m and $270m in the event of nationalisation.

This combination of circumstances has led specialists in the industry to conclude that the Cii nationalisation plan is at *best irrelevant and at worst an* expensive mistake. It can be argued that France's objective of national mastery over crucial areas of advanced technology is a sound one. But Cii is still in a precarious financial position, with losses projected at around FFr 300m ($53.6m) this year, and without a major international partner its future could be extremely bleak.

The ITT and Roussel Uclaf situations are less complex, but are in some ways even less relevant to the nationalisation solution. ITT, for example, is no *longer the force it was in* France. In the past, it dominated the telecommunications industry and represented a barrier to the ambitious French plans to develop *national technology in the telephone* exchange field. But the rapid growth of CIT-Alcatel, *combined with Thomson's takeover* of LMT, one of the two ITT companies in France, has *cut deeply into the American* group's orders.

Indeed, about a year ago, ITT delivered a strong warning to the Government that it might be forced to pull out of the French market completely if the French Post Office continued to run down orders for its equipment.

Roussel Uclaf's situation, a burning issue of industrial *policy in the early 1970s, has* also been modified by subsequent developments. At that time, shortly after the death of its entrepreneurial founder, M Jean-Claude Roussel, the Government fought vigorously to keep the group in French ownership because of its *leading* position in the international pharmaceuticals business.

This struggle, led and lost by M Valery Giscard d'Estaing, the then Finance Minister, ended with the company falling into the hands of Hoechst, the West German group. But since then,

M Pierre Dreyfus

France has not dropped behind in the pharmaceuticals industry. It could, on the contrary, be argued that the country has advanced, with the rapid development of two other companies in this field, Rhone Poulenc and Sanofi—the latter *providing striking evidence of how strong nationalised companies* (Elf Aquitaine in this case) can spin off successful subsidiaries.

Negotiations have not yet started over either ITT or Roussel. The current balance sheet, therefore, stands thus:

● At Cii, an initial meeting between Mr Edson Spencer, the chairman of Honeywell, and M *Pierre Dreyfus, the Industry* Minister, passed off "satisfactorily" according to both the French company and the authorities.

● ITT has sharply denied reports that it wants to shut up shop, insisting that it could have a future in France. Orders for System 12, it argues, could help to gain export orders for its *French factories (historically it* has exported about 40 per cent of French output). But if it has to go, it expects the French Government to act "responsibly." One possible solution would be for the Government to take a stake to ensure continuity for the company, along with the jobs of about 7,000 French workers.

● The room for negotiations over Roussel Uclaf, appears extremely narrow. Hoechst, which has about 58 per cent of *the French company, has stated* categorically that it will not give way to nationalisation: its unflinching policy towards overseas subsidiaries is to maintain majority control.

The French authorities are also faced with a delicate political problem over Roussel, because of the West German Government's antagonism towards the nationalisation programme. This was made clear to the French when President Mitterrand and M Dreyfus visited Bonn earlier in the year.

Only two possibilities therefore appear to be open. On the one hand, the French Government could accept that Hoechst remains in the majority, with the West German company making a gesture in ceding *some of its shares to bring its* participation down to just over 50 per cent. On the other, the Government could go ahead with its plan, in which case it would probably be necessary to inject other small independent laboratories into Roussel's business to give it the necessary competitive size.

Amid all this uncertainty, the one positive fact that has emerged from the Government's declarations is that it wants to avoid upsetting foreign partners. If it were politically feasible to conclude similar *agreements to those it has* reached with Dassault and Matra, where it has taken just a marginal majority stake, it would probably be happy.

Given the pressure from the Left in support of the nationalisation plan, this compromise approach may not be possible. But it remains true that virtually everybody in the top echelons of the Socialist Administration is committed to open-market policies. They want to encourage foreign investment in France, and they believe that the expansion of the French economy depends on the freedom of industry to export. In these circumstances, the Government is anxious not to take steps which would provoke retaliation.

Veba may lift Ruhrkohle stake

BY KEVIN DONE IN FRANKFURT

VEBA, West Germany's biggest industrial concern, is "seriously considering" the acquisition of a further 14 per cent stake in Ruhrkohle, the Federal Republic's main coal mining group, a move which could boost its share in the company to a dominant 41 per cent.

The shares in Ruhrkohle are expected to come on to the market as a result of the reorganisation of the ailing West German steel industry. Krupp and Estel Hoesch, two of the country's leading steel groups, are nearing agreement on the merger of their loss-making steel producing activities, but they could be forced to sell their interests in Ruhrkohle to help fund the deal in order to reduce the scale of state aid.

Dr Rudolf von Bennigsen-Foerder, chief executive of Veba, said the group had been requested by Herr Hans Matthöfer, the Federal Finance Minister, to examine the acquisition of further Ruhrkohle shares. The state has a 44 per cent shareholding in Veba, which last year had a turnover of DM 41.9bn ($18.6bn).

Herr Rudolf von Bennigsen-Foerder, chairman of Veba

Veba is chiefly involved in the energy sector, oil and electricity generation, chemicals, transport, trading and glass production.

Ruhrkohle, which was formed in 1969 chiefly from the old coal mining interests of the steel industry, had a turnover last year of DM 16.4bn and accounted for 73 per cent of West Germany's total coal production of 86.6m tonnes.

Apart from its coal mining interests, which it is expanding abroad, most notably in Australia, Ruhrkohle is also the majority shareholder in Steag, an important power utility. It is already co-operating with Veba in the preparation of potential coal liquefaction projects for the second half of the 1980s.

Dr von Bennigsen-Foerder denied that Veba was seeking a majority stake in Ruhrkohle, or a merger with it, but he made it clear that he sees considerable shared interests between the two groups.

A deal could founder, however, on opposition both from Ruhrkohle, which sees its *independence threatened*, and from the state of North Rhine Westphalia, where most of the Ruhrkohle coal mining operations are located and which could be a rival bidder despite its stretched finances.

Stock market analysts suggest that together the stakes held by Hoesch (7.9 per cent) and Krupp (6.2 per cent) could command *a price of more than* DM 200m. A takeover by Veba would, however, further increase the influence of the Federal Government, which already holds another 10.9 per cent in Ruhrkohle through the state-owned steel group, Salzgitter.

In a letter to shareholders, Veba said yesterday that its pretax profits dropped by 20 per cent in the first nine months of the year, to DM 720m from DM 901m in the corresponding period last year.

The company's profitability has come under pressure chiefly because of losses in its oil refining and marketing sector and falling profits from its chemicals operations. Group turnover rose by 21.6 per cent to *DM 36.9bn, partly because of the* jump in energy prices.

The amount of crude oil processed by the group fell by 20.5 per cent to 8.8m tonnes in the first nine months of 1981, and volume sales of oil products also fell by nearly 20 per cent. Chemical product sales dropped by 12.4 per cent, while power generation showed a rise of 2.6 per cent. The chief rises in turnover have been achieved in trading (up 49.5 per cent to DM 13.9bn) and in transport (up 37.2 per cent to DM 1.7bn).

In Memoriam

CHARLES E. DUNBAR

Director and former Chairman of the Board

of

Discount Corporation of New York

on

November 13, 1981

DOMESTIC CAPITAL MARKET BLOOMS

Jordan funds itself

BY RAMI G. KHOURI IN AMMAN

A BURST OF ISSUES of domestic bonds and syndicated loans has combined with radical policy decisions by the Central Bank of Jordan to establish a system of medium-term financing in the country that offers borrowers considerably cheaper funds than do the Euromarkets. It also sets a challenge to other developing countries to break the same ground.

In three months, no fewer than eight separate syndicated loans, bonds, or forward deals have been completed or initiated in the nascent Jordanian capital market. The deals are worth a total JD 58m (the equivalent of $180m). This is slightly more than the value of the 14 bond issues and loan syndications that had previously been consummated in Amman since such instruments were introduced into the market, less than three years ago.

The main impetus to the development of a Jordanian capital market for medium- and long-term loans, of between five and 10 years, has been the near 10 percentage point gap between interest rates in Jordan and abroad. Dinar denominated loans have been put together here for between 9 and 11 per cent over the past three years, while bonds carry an interest rate of 8.5 to 9 per cent.

These relatively low rates have prompted Jordanian borrowers to put together local dinar syndications to refinance outstanding commercial Euro-credits. The largest was a JD 12m loan for Alia, the State-owned airline, which was managed by the Arab Bank, and had 12 banks in Jordan providing the funds.

Shift in philosophy

This turned out to be a trend-setting loan, and a harbinger of others to come, because for the first time the Central Bank of Jordan agreed to re-discount 50 per cent of the participations in this loan to any of the banks in the syndicate. The present re-discount rate of the Central Bank is 6.5 per cent.

Commercial bankers involved in the Alia and other syndications have called the re-discounting decision by the Central Bank "a shift in the traditional philosophy of central banking, and one that provides a comforting measure of safety for the commercial bank." The move, say some, will significantly increase the readiness of Jordanian banks to lend at medium term.

Dr Mohammad Sa'id Nabulsi, the governor of the Central Bank of Jordan, says that the re-discounting decision was made because of the favourable fiscal climate in Jordan—only a slight budget deficit is expected this year. He notes that similar commitments in the future would probably be restricted in general to government-guaranteed loans, with exceptions being made only for very strong private sector companies with a high credit rating. He also expects few banks to make use of the re-discounting facility, given the healthy liquidity of the market.

Jordan is coming to terms with movements in international interest rates by developing its own sources of corporate finance. The development of the local money market over the past months has virtually eliminated the need for Jordanian industries to look abroad for their capital requirements

The recent brisk growth in the size of the inter-bank market in Amman, which stood at JD 86m ($260m) at the end of August, lends support to his argument.

Abdul Majid Shoman, chairman and general manager of the Arab Bank expects to see a broader base of financial institutions participating in local syndications, in anticipation of local interest rates rising and dollar rates abroad falling.

Merchant banking activity makes up ten per cent of the Arab Bank's total income, and is rising steadily. For long Jordan's biggest commercial bank, it has moved quickly into the local merchant banking field, leading several of the new syndications. It is also planning to take advantage of another Central Bank of Jordan decision allowing commercial banks to underwrite and market corporate bonds — a function previously reserved for the country's three investment banks.

The new regulations, according to Dr Nabulsi, are based on a formula that allows commercial and investment banks to provide a financing package including typically a syndicated loan and a bond issue.

A commercial bank is seen as leading the entire package and the syndication, while an investment bank leads the bond issue. This arrangement may also promote the development of a secondary market for bonds, to run parallel to the Amman Stock Exchange's booming activity in company shares.

Loan-bond package

This kind of loan-bond package is being arranged for Alia's refinancing needs, and also for the Jordan Cement Factories Company's JD 12m-JD 15m loan to finance its sixth kiln expansion project. A similar package to meet the refinancing needs of the country's sole petroleum refinery will probably be discussed in the market soon, given the near-$50m required for repayment of the refinery's outstanding Euro-credits. Mr Shoman suggests that the maximum size loan for the Jordanian market is JD10-15m ($30m-$45m).

The net result of the events of the past several months has been virtually to eliminate the need for Jordanian industries to look abroad for their capital

Not only does the lower interest rate in Amman in itself offer savings, but the dinar-denominated loans also preclude a foreign exchange risk. The Central Bank's willingness to re-discount 50 per cent of a commercial bank's share of syndicated loans provides the banks with a safety valve that they have lacked in the past, and one that they need badly to increase their medium-term lending in view of the small capitalisation of most banks operating in Jordan.

The example being established in Amman, bankers here argue, gives a lead to other developing countries suffering from high Euromarket lending rates. A co-operative approach to capital market development among commercial, investment, and central banks in the Third World lies at the heart of the recent developments in the Jordanian market. Time will tell whether other developing countries can apply the same formula that seems to be working for the Jordanians.

Disposals boost Wing Tai result

BY OUR HONG KONG CORRESPONDENT

WING TAI Development Company, part of the Henderson Development group, increased after-tax profit by 84 per cent to HK$207.32m (U.S.$36.6m) for the year ending September 30 from HK$112.38m in 1979-80.

Mr Lee Shau-Kee, the chairman, said the profits mainly derived from the sale of four completed developments with floor areas totalling 173,543 sq ft, and the disposal of five properties.

The final dividend is 26 cents per share for a total of 44 cents, an increase of 50 per cent adjusting for the two one-for-four scrip issues made in the year. This year, there will be a one-for-10 issue.

Mr Lee said that the recently-listed Henderson Land Development Company, which made a HK$1bn (U.S.$177m) share issue in June, will be merged with Wing Tai in approximately one year. Mr Lee, who is chairman of both companies, said he was confident about the future of the combined company and forecast a final dividend for 1982 of at least 44 cents on the increased capital.

During the year, Wing Tai and related companies surrendered some holdings in land exchange entitlements to the Government in exchange for two development sites in Shatin and Taipo which will yield approximately 130,000 sq ft in attributable floor area.

Indian cement producer more than doubles profits

BY R. C. MURTHY IN BOMBAY

ASSOCIATED CEMENT Companies, one of India's leading cement producers, has reported a surge in net profits to R19.57m ($2.15m) for the year ended July 31, from R7.35m a year earlier. Sales rose 24 per cent to R2.09bn ($230m) from R1.7bn.

Two factors contributed to the growth. The Government allowed a cement price increase of R34.74 a tonne to compensate for higher production costs and cement production increased 11 per cent following an improvement in coal and electricity supplies.

ACC has a total installed capacity of 7.5m tonnes of cement a year in 17 locations around the country. The company is expanding two plants to add 1.5m tonnes of capacity which should start up by April 1982.

Plate Glass maintains growth

By Jim Jones in Johannesburg

PLATE GLASS and Shatterprufe Industries, one of South Africa's largest glass manufacturers with interests in timber and hardware, lifted pretax profit from R12.9m to R17.55m ($18m) in the six months to September 30 on turnover of R238.5m against R146.8m. For all 1980-81 profits came to R30.13m on turnover of R357.7m.

The first-half advance stemmed from a continuation of strong demand from the vehicles and building industries. The directors say that demand from these two sectors in January is expected to provide the first realistic view of the outlook for next year. If they are cautious there could be some destocking and this would affect the company's growth

The interim dividend is 42 cents, against 35 cents from earnings per share of 118 cents compared with 87.1 cents for all 1980-81. Dividend total of 90 cents was paid from earnings of 202.9 cents. Earnings are expected to reach 245 cents in the current year and a total dividend of 110 cents is forecast.

CURRENCIES, MONEY and GOLD

ollar weak

lost ground to major ... in the foreign ... market yesterday, ... nger term Eurodollar ... rates were generally ... domestic rates con... eir recent downward ... h more banks cutting ... ling rates to 16 per cent ... per cent, and Chase ... setting a new low of ... nt. The Federal funds rate fell to 11½-11⅝ per ... rly New York trading, ... 2¾ per cent at the same day, while the dollar ... ain any assistance from the U.S. October con... ce index rose by only ... ent compared with 1.2 ... n September.

... improved against the ... at weakened against ... al currencies.

... n currencies were firm ... he dollar, with the ... ene remaining at the ... EMS. The D-mark was ... weakest member, but ... on hopes of a large ... ade surplus in October.

... — trade-weighted index ... England) fell to 106.0 ... The U.S. currency fell ... 2290 from DM 2.2540 ... e D-mark; to FFr 5.63 ... r 5.6725 against the ... ranc; to SwFr 1.7850 ... r 1.8075 in terms of the ... ic; and to Y215.25 from ... ainst the Japanese yen.

... ING — trade-weighted ... [illegible]

D-MARK — Weakest member of the European Monetary System following the last currency realignment, but recovering after trading close to its divergence limit for several weeks. It has also shown some improvement against the dollar but doubts about future trends in U.S. interest rates and uncertainty over Germany's economic prospects have left the market nervous, with no clear trend evolving—The D-mark improved against most currencies at the Frankfurt fixing, rising against the dollar, sterling and most other members of the EMS. Hopes that the West German trade figures for October, to be published this week, will show a substantial surplus underpinned the German currency. The dollar fell to DM 2.2367 from DM 2.2665 at the fixing, and weakened to DM 2.2255 in the afternoon, despite a firmer trend in Euro-dollar interest rates. The Bundesbank did not intervene at the fixing, and probably was not active on the open market. Sterling declined to DM 4.27 in the afternoon, after falling to DM 4.2720 from DM 4.2760.

JAPANESE YEN — Firmer against the dollar recently as U.S. interest rates have eased. The strength of the Japanese economy, and speculation that the growing trade surplus will force the authorities to allow a steady appreciation of the yen has encouraged a switch into the yen from the dollar and major European currencies—The yen continued to rise in active Tokyo trading, after the closure on Monday for a public holiday. The dollar fell to Y216.75 from Y219.30 in Tokyo on Friday, and from Y217.35 in New York on Monday. It opened at Y217.70, and touched a low point of Y216.30, the weakest level since May 1. Although there were no new market factors overseas buying of the yen continued to support the Japanese currency.

THE DOLLAR SPOT AND FORWARD

Nov 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9020-1.9250	1.9180-1.9190	0.57-0.47c pm	3.25	1.12-1.02 pm	2.23
Ireland†	1.5820-1.5850	1.5920-1.5950	0.25-0.85c pm	6.80	2.35-2.20 pm	5.73
Canada	1.1800-1.1830	1.1820-1.1833	0.49-0.52c dis	−5.13	0.99-1.03dis	−3.42
Nethlnd.	2.4350-2.4690	2.4350-2.4370	0.23-0.13c pm	0.85	0.76-0.66 pm	1.19
Belgium	37.41-37.66	37.41-37.43	12-17c dis	−4.63	41-47 dis	−4.69
Denmark	7.1550-7.2100	7.1550-7.1650	0.05-0.20ore dis	−0.21	0.60-1.10dis	−0.47
W. Ger	2.2240-2.2650	2.2285-2.2295	0.25-0.20pf pm	1.21	0.95-0.90 pm	1.66
Portugal	64.10-64.65	64.10-64.30	30-110c dis	−13.07	70-240 dis	−9.6
Spain	95.35-96.00	95.35-95.40	30-40c dis	−4.40	85-105 dis	−3.98
Italy	1194-1220	1194-1195	8¾-9½lire dis	−9.15	26-28 dis	−9.02
Norway	5.7375-5.7660	5.7375-5.7475	3-3½ore dis	−6.78	3.10-3.60dis	−2.33
France	5.6150-5.6700	5.6275-5.6325	1.55-1.70c dis	−3.45	5.80-6.20dis	−4.25
Sweden	5.4800-5.5000	5.4900-5.4900	0.40-0.60ore dis	−1.09	0.40-0.60dis	−0.36
Japan	215.20-217.50	215.20-215.30	1.16-1.00y pm	5.99	2.95-2.80 pm	5.34
Austria	15.67½-15.75	15.69-15.70	5.75-4.25gro pm	3.82	12.50-8.50 pm	2.68
Switz.	1.7770-1.8050	1.7845-1.7855	0.43-0.25c pm	2.62	1.17-1.09 pm	2.53

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9020-1.9250	1.9180-1.9190	0.57-0.47c pm	3.25	1.12-1.02 pm	2.23
Canada	2.2500-2.2675	2.2640-2.2650	0.27-0.37c dis	−1.69	0.50-0.70dis	−1.06
Nethlnd.	4.68-4.70	4.69¼-4.69¾	1⅝-1⅛c pm	3.52	3⅞-3⅝ pm	3.09
Belgium	71.60-72.00	71.70-71.80	6-16c dis	−1.34	30-40 dis	−1.95
Denmark	13.69-13.77	13.72-13.73	3½-2¾ore pm	2.79	5⅞-5¼ pm	1.60
Ireland	1.2000-1.2080	1.2040-1.2050	0.32-0.41p dis	−3.64	0.88-1.12dis	−3.49
W. Ger	4.26-4.29	4.27½-4.28½	1⅞-1½pf pm	4.56	4½-4 pm	3.97
Portugal	122.75-124.50	122.90-123.20	20-185c dis	−9.99	65-400 dis	−7.56
Spain	182.20-183.50	182.90-183.10	10-40c dis	−1.64	90-115 dis	−2.24
Italy	2281-2294	2291½-2293½	10-13lire dis	−6.02	37½-41½ dis	−6.29
Norway	10.94-11.03	11.01-11.02	1¼-3ore dis	−2.59	½ pm-½ dis	−0.04
France	10.76-10.81	10.79½-10.80½	½c pm-½c dis	—	5-6 dis	−2.04
Sweden	10.46-10.53	10.52-10.53	2⅞-1½ore pm	2.21	5-4¼ pm	1.76
Japan	410-417	413½-414½	3.20-2.90y pm	8.84	8.05-7.75 pm	7.63
Austria	29.90-30.10	30.00-30.05	18-12gro pm	6.19	38-28 pm	4.40
Switz.	3.40-3.44	3.42-3.43	1⅞-1⅝c pm	6.69	4½-3⅝ pm	4.52

Belgian rate is for convertible francs. Financial franc 79.95-80.05. Six-month forward dollar 1.40-1.30c pm. 12-month 1.85-1.65c pm.

CURRENCY MOVEMENTS

Nov. 24	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.4	−36.3
U.S. dollar	106.8	−0.2
Canadian dollar	88.7	−16.2
Austrian schilling	117.3	−24.1
Belgian franc	106.3	+9.3
Danish kroner	88.7	−9.0
Deutsche mark	122.5	+45.8
Swiss franc	153.8	+105.1
Guilder	115.0	+18.8
French franc	81.3	−14.2
Lira	55.5	−57.7
Yen	145.9	+40.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.614517	0.570411
U.S. $	13	1.16370	1.08521
Canadian $	15.40	1.37654	1.28328
Austria Sch.	6¾	18.4924	17.2122
Belgian F.	13	44.1275	41.0483
Danish Kr.	11	8.48628	7.88849
D mark	7½	2.63753	2.45185
Guilder	9	2.88248	2.67954
French Fr.	9½	6.65345	6.16514
Lira	19	1404.59	1306.89
Yen	6¼	Unavail.	254.732
Norwgn. Kr.	9	6.76110	6.28912
Spanish Pts.	8	112.699	104.909
Swedish Kr.	11	6.42770	5.97066
Swiss Fr.	6	2.11537	1.96603
Greek Dr'ch.	20½	—	61.9922

OTHER CURRENCIES

Nov. 24	£	$		£ Note Rates
Argentina Peso	12,657-12,677†	6622-6642†	Austria	29.90-30.20
Australia Dollar	1.6630-1.6650	0.8705-0.8710	Belgium	79.75-80.75
Brazil Cruzeiro	226.14-227.14	118.37-118.95	Denmark	13.69-13.80
Finland Markka	8.328-8.345	4.3400-4.3420	France	10.75-10.90
Greek Drachma	106.664-109.829	56.55-56.75	Germany	4.25½-4.29½
Hong Kong Dollar	10.79-10.81	5.6400-5.6450	Italy	2295-2345
Iran Rial	149.50*	79.00*	Japan	414-418
Kuwait Dinar (KD)	0.531-0.537	0.2803-0.2805	Netherlands	4.65½-4.69½
Luxembourg Fr.	71.70-71.80	37.41-37.43	Norway	10.91-11.01
Malaysia Dollar	4.2950-4.3050	2.2450-2.2480	Portugal	123-130
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth. African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

†Rate given for Argentina is the commercial rate. The financial rate for sterling is 20,856-20,876 and for the dollar 10,900-10,950. *Selling rate.

EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 24	% change from central rate	% change adjusted for divergence	Divergence limit %
[illegible]	40.7572	41.1010	+0.84	+0.21	±1.5368
[illegible]	7.91117	7.86108	−0.63	−1.26	±1.6412
D-Mark	2.40989	2.44701	+1.54	+0.91	±1.1077
[illegible]	6.17443	6.17609	+0.03	−0.60	±1.3733
[illegible]	2.66382	2.68076	+0.64	+0.01	±1.5053
[illegible]	0.684452	0.689457	+0.73	+0.10	±1.6688
[illegible]	1300.67	1309.45	+0.68	+0.68	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for November 24 — 0.573074

...ANGE CROSS RATES

Nov. 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
[illegible]	1.	1.919	4.280	414.0	10.80	3.425	4.698	2293.	2.265	71.75
[illegible]	0.521	1.	2.231	215.8	5.629	1.785	2.443	1195.	1.180	37.40
[illegible]	0.234	0.448	1.	96.73	2.523	0.800	1.095	535.6	0.529	16.76
Yen 1,000	2.415	4.634	10.34	1000.	26.09	8.273	11.32	5537.	5.470	173.3
[illegible]	0.926	1.776	3.963	383.3	10.	3.171	4.340	2123.	2.097	66.44
[illegible]	0.292	0.560	1.250	120.9	3.153	1.	1.369	669.5	0.661	20.95
[illegible]	0.213	0.409	0.913	88.32	2.304	0.731	1.	489.1	0.483	15.31
[illegible]	0.436	0.837	1.867	180.6	4.711	1.494	2.045	1000.	0.988	31.30
[illegible]	0.442	0.847	1.890	182.8	4.768	1.512	2.070	1012.	1.	31.68
[illegible]	1.394	2.674	5.965	577.0	15.05	4.774	6.535	3195.	3.156	100.

...NDON INTERBANK FIXING (11.00 a.m. NOVEMBER 24)

3 months U.S. dollars		6 months U.S. dollars	
bid [illegible]	offer 12 5/16	bid 12 15/16	offer 13 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

...URRENCY INTEREST RATES (Market closing Rates)

Nov. 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
[illegible]	15¼-15½	11⅝-11⅞	18-19	11⅛-11⅜	5-5¼	10½-10⅝	15¼-15½	19-21	12-15	5¾-6¼
[illegible]	15⅝-15⅞	11⅝-12	18-19	11¼-11⅜	18¼-18¾	10½-10⅝	15¼-15½	19¾-22¼	12-15	6⅜-6⅝
[illegible]	15⅛-15¼	11¾-12	16½-16⅞	11⅛-11⅜	[illegible]	10½-10⅝	15⅜-15⅝	20-21	15⅞-16⅞	[illegible]
[illegible]	14¾-14⅞	12¼-12½	15⅞-16¼	11¼-11⅜	[illegible]	[illegible]	16½-16¾	21-21⅞	16¾-17⅛	[illegible]
[illegible]	14½-14⅝	12⅝-13	15⅝-16	11½-11⅞	[illegible]	10¼-10⅜	17⅜-17⅝	21¾-22½	16⅞-17¼	7-7¼
[illegible]	14⅞-14⅞	13-13¼	15⅞-16¼	11¼-11⅜	9-9⅛	9⅞-10	17⅞-18¼	21½-22½	15¾-16¼	7-7¼

...ed deposits: one month 11¾-12 per cent; three months 12-12⅛ per cent; six months 12⅛-12⅜ per cent; one year [illegible] per cent.

...ed deposits: one month 13⅞-14¼ per cent; three months 14-14½ per cent; six months 14¼-14½ per cent; one year 14-14½ per cent.

...(closing rates in Singapore): one month 12⅛-12½ per cent; three months 12⅞-12⅞ per cent; six months 13-13⅛ per cent; one year [illegible] per cent. ...m Eurodollar two years 14-14¼ per cent; three years 14½-14⅝ per cent; four years 14¼-14⅜ per cent; five years 14½-14¾ per cent nominal closing rates. ...wing nominal rates were quoted for London dollar certificates of deposit: one month 11.90-12.00 per cent; three months 11.95-12.05 per cent; six ...12.40 per cent; one year 12.70-12.80.

...Y MARKETS

...rther shortage

...clearing bank base ... rates 15 per cent ... e November 10)

...m funds were again ... supply in the London ... arket yesterday with ... of England giving an ... recast of a £250m ... This was revised at ... around £300m. Among ... factors affecting the ... ills maturing in official ... a net take up of ... bills accounted for ... the unwinding of pre... and repurchase agree... ined a further £127m. ... on Exchequer trans... ok out another £130m. ... gave assistance in the ... totalling £123m. This ... purchases in band 2 ... s) of £1m of Treasury ... 4⅞ per cent, £1m of ... ority bills at 14⅞ per ... £36m of eligible bank ... per cent. In band 3 ... ys) the Bank bought ... ocal authority bills at ... nt and £80m of eligible ... at 14½ per cent. ... nal help was given ... e afternoon totalling ... aking a grand total of ... he Bank bought £20m ... bank bills in band 1 ... days) at 14¾ per cent ... band 2, £7m of local ... bills at 14⅞ per cent and £31m of eligible bank bills at 14⅞ per cent. In band 3 it bought £4m of Treasury bills at 14½ per cent, £2m of local authority bills at 14½ per cent and £54m of eligible bank bills at 14½ per cent. The Bank also entered into another sale and repurchase agreement on £73m of bills at 14½-14⅞ per cent, unwinding on December 8.

Discount houses were paying between 14 per cent and 15 per cent for secured call loans for most of the day. Trading was less confused yesterday and the level of business was generally lower as the market awaited further developments. Three-month interbank money was quoted around 14⅞ per cent unchanged from Monday while the one-week rate finished at 15¼ per cent also little changed. Overnight money opened at 15⅝-15¾ per cent and eased to 15¼-15⅜ per cent where most of the morning's business was seen. Rates firmed up to 15½-15⅞ per cent after the Bank had only partially bought out the shortage during the morning but eased later in the day to touch 14½-15 per cent briefly. Balances nearer the end of the day were taken at 15¾-16 per cent.

GOLD

Firmer tendency

Gold rose $4½ to $399½-400½ in the London bullion market yesterday. It closed at the highest level of the day, after opening at the day's low of $396½-397½. The metal was fixed at $398 in the morning and $399.25 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 74,000 per kilo ($407.98 per ounce) in the afternoon, compared with FFr 74,000 ($406.97) in the morning, and FFr 74,500 ($405.28) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,850 per kilo ($400.03 per ounce), against DM 28,960 ($397.99) previously, and closed at $398½-399½, compared with $396½-397½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $397.25 per ounce, compared with $396.40.

In Zurich gold finished at $398-401, against $395-398.

	Nov. 24		Nov. 23	
Gold Bullion (fine ounce)				
Close	$399½-400½	(£208-208½)	$395-396	(£206.8-207.3)
Opening	$396½-397½	(£208-208½)	$395-396	(£208.5-209)
Morning fixing	$398	(£208.695)	$396	(£208.971)
Afternoon fixing	$399.25	(£208.922)	$396.75	(£207.614)
Gold Coins				
Krugerrand	$411½-412½	(£214¼-214¾)	$407½-408½	(£213½-214)
1/2 Krugerrand	$212-213	(£110½-111)	$210-211	(£110-110½)
1/4 Krugerrand	$108-109	(£56¼-56¾)	$107-108	(£56-56½)
1/10 Krugerrand	$44-45	(£23-23½)	$43½-44½	(£22¾-23¼)
Mapleleaf	$410-412	(£213½-214½)	$407½-408½	(£213½-214)
New Sovereigns	$98-98½	(£51-51¼)	$96¾-97½	(£50¾-51)
King Sovereigns	$108-109	(£56¼-56¾)	$106-107	(£55½-56)
Victoria Sovs.	$108-109	(£56¼-56¾)	$106-107	(£55½-56)
French 20s	$101-111	(£52½-57¾)	$92-102	(£48¼-53½)
50 pesos Mexico	$495-498	(£257¾-259¾)	$489-492	(£256½-257¾)
100 Cor. Austria	$388-392	(£202-204)	$384-388	(£201¼-203¼)
$20 Eagles	$496-501	(£258¼-261)	$492-497	(£257¾-260½)

LONDON MONEY RATES

Nov. 24 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14¾-16	15¼-15¾	—	—	15¼-15⅝	14-15	—	—	—
2 days notice	—	—	15¼-15⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15⅜-15⅝	15⅜	—	—	15⅞-15⅝	14¾	—	—	—
One month	15⅛-15⅛	15⅛-15¼	15¼	15½-15⅛	15¼	15½	14⅝-14½	14½	14½	15½
Two months	15-14⅞	15-15⅛	—	15⅜-15	15¼	15⅜	14-14⅛	14½	14-14⅛	15½
Three months	14⅞-14⅞	14⅞-15	14⅞	15⅛-14⅝	15¼	15⅛-15	13¾-14	13⅞-14⅞	14-14½	14½
Six months	14⅜-14¼	14⅞-14½	14⅝	14⅛-13¾	14¾	14¾	—	—	13⅝-13½	14
Nine months	14⅞-14⅛	14⅞-14⅞	—	14½-14⅜	14½	14⅝	—	—	—	—
One year	14⅞-14⅛	14⅞-14½	14½	14½-14⅜	14½	14½	—	—	—	—
Two years	—	—	14¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14⅞ per cent; four years 14⅞ per cent; five years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞-14 per cent; four months trade bills 14½ per cent.

Approximate selling rate for one month Treasury bills 14⅛-14½ per cent; two months 14⅛-14⅜ per cent; three months 13⅞-13⅞ per cent. Approximate selling rate for one month bank bills 14⅛ per cent; two months 14⅛-14⅜ per cent; three months 13⅞-14 per cent; one month trade bills 15½ per cent; two months 15¼ per cent; three months 14½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from November 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 13 per cent. Clearing Bank Rates for lending 15 per cent. Treasury Bills: Average tender rate of discount 13.8081 per cent.

...RATES

...K	
[illegible]	15⅝-16½
[illegible]	11⅝-11⅞
...lls (13-week)	10.29
...lls (26-week)	10.73
...mbard	11.0
...rate	10.50
[illegible]	10.75
...ths	10.80
[illegible]	10.25
...rate	15.25
[illegible]	15.625
[illegible]	15.4375
[illegible]	15.4375
[illegible]	15.4375
[illegible]	8.375
...nt (three-month)	7.34375

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

NEW YORK

Dow up 5.23 at midsession

STOCKS continued to edge higher on Wall Street through mid-session, reflecting declining interest rates and a slowdown in inflation.

The Dow Jones Industrial Average was up 5.23 to 857.02 at 1 pm. Advances led declines by seven to five on volume of 33.5m shares (30.9m). The NYSE All Common Index was up 0.37 at $71.28.

Consumer prices rose only 0.4 per cent last month, the lowest monthly gain since July 1980. Analysts said the CPI had been projected to rise about 0.8 per cent and the narrow gain, combined with lower prime rates, gave the market a boost.

Most major banks dropped their prime rate to 16 per cent yesterday and Chase Manhattan lowered its rate to 15¾ per cent.

The closely watched Federal Funds rate, on overnight loans between banks, also declined to a low of 11⅞ per cent from last night's close of 12 per cent.

Takeovers continued to dominate trading. Colt Industries dropped three to $59¼ on the news that its agreement to merge into Penn Central was ended.

The stock lost some 24 points in one day last week on reports that Penn Central shareholders had rejected the merger. Penn Central rose $1⅛ to $44⅛.

Marathon and U.S. Steel, also in a merger agreement, were the two most active stocks, with Marathon up $½ to $104½ and U.S. Steel adding $⅝ to $27⅜.

Most of the oil issues were up, with Texaco gaining $¾ to $34¼, Gulf Oil $¾ to $36.

THE AMERICAN SE Market Value Index was up 1.65 to 319.70 at 1 pm on volume of 3.6m shares (2.9m). Houston Oil was the volume leader, unchanged at $19¼, a block of 500,000 shares traded at that price.

Canada

Stock prices edged higher with Toronto Composite Index up three at 1,921.5 and eight of the 14 indices also posting gains at mid-session.

However, on volume of 2,448,313 shares, gaining issues trailed the losers 155 to 182.

Texaco Canada was up C$1¼ to C$34⅞, fater rising C$3½ on Monday afternoon. A Texaco Inc subsidiary has offered to purchase all the first preferred "A" shares of Texaco Canada.

Analysts said there is speculation Texaco Inc will make a follow up offer for the common shares and later sell the Canadian assets.

Dome Petroleum was up C$½ to C$14⅛, and Hudson's Bay Oil and Gas was off C$⅜ at C$49½. Analysts were reacting favourably to Dome's plans to sell part of Hudson's Bay assets.

Closing prices for North America were not available for this edition.

Tokyo

Share prices fell sharply on selling of many export orientated issues with investors discouraged by the yen's sharp rise against the U.S. dollar and Japan's trade conflicts with western countries.

The Nikkei Dow Jones average lost 44.65 to close at 7,602.78 in moderate trading volume of 350m shares. The Tokyo Stock Exchange index shed 3.17 to 560.35.

Light Electricals, Precisions, Motors and Heavy Electric Machines lost with Pioneer off Y320 to Y2,020.

Oils gained on press reports that a Nippon Oil Company subsidiary and Korean-American Oil (KOAM) struck oil in the East China Sea in a joint development. Nippon Oil, which rose Y260 to Y1,460, said it had no information to confirm this.

Export-orientated issues, Big Capitals and Populars were depressed by what was seen to be a rise in margin buying over the last week.

Victor Japan lost Y110 to Y2,960, Hitachi Y20 to Y640, Toshiba Y12 to Y361, Honda Motor Y29 to Y800, Nissan Motor Y14 to Y791, Toyota Motor Y30 to Y1,120, and Olympus Y60 to Y1,100.

High Technology issues and drugs fell under profit-taking.

Trading houses, real estates and utilities gained on speculation of a cut in discount rate. Sumitomo Corporation put on Y12 to Y554, C. Itoh Y11 to Y359, Mitsui Real Estate Y24 to Y629, Tokyo Electric Power Y19 to Y972 and Sumitomo Bank Y18 to Y421.

Hong Kong

The stock market closed easier despite some late bargain hunting.

Trading was active in the afternoon. The Hang Seng index lost 18.10 to close at 1,398.00.

Some brokers said the agreed merger between Hongkong Wharf and World International announced on Monday weighed on sentiment and thought the market could soften in the near term.

Leaders generally weakened. Cheung Kong retreated 40 cents to HK$21.50, Hongkong Bank 20 to HK$4.60, Hongkong Electric 10 cents to HK$5.2, Hongkong Land 10 cents to HK$9.6, Hutchison Whampoa 20 cents to 17.8, Jardine Matheson 20 cents to HK$16.8 and Swire Pacific "A" 30 cents to HK$11.3.

Elsewhere, Carrian Investments lost 15 cents to HK$5.9, Paul Y. 12.5 to HK$4.575, Sino Land 1 cent to HK$1.13 and Trafalgar Housing 12.5 to HK$4.20.

Singapore

Share prices closed firm on strong buying support in active selective trading with sentiment further boosted by more reductions in prime rates, dealers said.

Genting advanced 35 cents to S$5.95, Hong Leong Finance 50 to S$7.45, Overseas Chinese Bank 60 to S$11.40 and public bank 35 to S$8.00. Elsewhere, Haw Par, Magnum, Pan Electric, Sembawang Shipyard, Straits Trading and Development Bank gained between 8 and 25 cents.

The Straits Times index rose 11.26 to 725.54.

Hotels, Properties, Commodities and the secon dtrading section were also higher where traded in line with the general trend. Overseas Union Enterprises rose 45 cents to S$8.65 and Kings Hotel 76 to S$3.98.

Australia

A sluggish resources sector and an easier trend among larger industrials were the main features of an uninspiring day's trading.

The Sydney All Ordinaries Index, added only 0.1 to 563.6 by the close of trading and most indices for industrial and mineral groups showed little variation.

Encouraging oil news failed to fire oil and gas issues and only a handful showed rises. Bridge was down to A$3.95, off one cent, and Beach fell eight cents to a new low price for the year of A$1.30.

A 350 barrel-a-day oil flow from Jackson No. 1 well in the Cooper Basin prompted comment about the promising potential of the south-west corner of the basin but led to only small gains for the partners in the well.

Johannesburg

Gold shares closed basically steady at their lower opening levels, although a few counters moved slightly higher, as the bullion price held firm at around $398.

Overall trading was moderate and heavyweight producers had Vaal Reefs down R1.50 at R77.75 cents and Doornfontein R1 at R20.50. Butt Randfontein added 75 at R71.75. Mining Financials shadowed golds, GFSA and Anglos slipping 75 and 10 cents to R82.0 and R16.30 respectively. In Diamonds, De Beers eased 10 at R8.48.

Other Minings were steady with an easier bias, while Industrials closed narrowly mixed where changed.

Germany

Shares prices ended the day lower after falling profits at Veba in the nine months disappointed the market.

The Commerzbank index fell 7.9 to 667.7, a scant 1.3 above its 1981 low.

CANADA

Stock	Nov. 23	Nov. 20
AMCA Intl	23½	22¾
Abitibi	21	21½
Agnico Eagle	7½	7¾
Alcan Alumin	26¼	26½
Algoma Steel	42	41½

BELGIUM (continued)

Nov. 24	Price Frs.	+ or —
Petrofina	4,100	......
Royale Belge	3,850	—90
Soc Gen Banq.	1,580	—5
Soc Gen Belge	918	—2
Sofina	2,480	+60
Solvay	1,640	—5

HOLLAND

Nov. 24	Price Fls.	+ or —
ACF Holding	67.6	......
Ahold	55	—2.2
AKZO	22	—0.1
ABN	285	—2
AMEV	90.3	—0.5
AMRO	52.2	—0.5

AUSTRALIA

Nov. 24	Price Aust. $	+ or —
ANZ Group	5.60	—0.02
Acrow Aust	1.50	......
Allstate Expl	0.60	......
Ampol Pet	1.65	......
Assoc. Pulp Pap	2.00	......
Audimco	0.11	......
Aust. Cons. Ind.	1.74	+0.01

JAPAN (continued)

Nov. 24	Price Yen	+ or —
Kubota	341	......
Kumgaal	412	......
Kyoto Ceramic	3,220	—40
Lion	425	......
Maeda Cons	635	......
Makita	865	......
Marubeni	338	......

SINGAPORE

HONG KONG

SOUTH AFRICA

BRAZIL

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

JAPAN

Financial Rand US$0.76½ (Discount of 26½%)

Indices

NEW YORK —DOW JONES

	Nov. 23	Nov. 20	Nov. 19	Nov. 18	Nov. 17	Nov. 16	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
•Industr'ls	851.79	852.93	844.75	844.08	850.17	845.03	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	60.11	60.54	60.11	60.19	60.22	60.25	65.78 (15/1)	64.99 (1/10)	—	—
Transport..	378.12	378.32	374.00	376.33	376.56	377.06	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities..	111.68	111.42	110.93	110.86	110.71	110.58	117.81 (5/1)	101.28 (25/9)	165.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	45,250	52,010	48,690	49,980	43,190	43,749	—	—	—	—

•Day's high 860.92, low 848.17.

Ind. div. yield %	Nov. 23	Nov. 16	Nov. 9	Year ago (approx)
	6.51	6.48	6.51	5.49

STANDARD AND POORS

	Nov. 23	Nov. 20	Nov. 19	Nov. 18	Nov. 17	Nov. 16	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	135.13	136.19	134.01	133.87	134.47	133.33	157.02 (6/1)	128.49 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	121.80	121.71	120.71	120.36	121.16	120.24	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.402 (1/6/32)

Ind. div. yield %	Nov. 18	Nov. 11	Nov. 5	Year ago (approx)
	5.41	5.29	5.18	4.22
Ind. P/E Ratio	8.18	8.36	8.51	9.69
Long Gov. Bond yield	12.68	13.25	13.60	11.95

NY. S.E. ALL COMMON

Nov. 23	Nov. 20	Nov. 19	Nov. 18	1981 High	1981 Low
70.91	71.00	70.36	70.03	79.14 (6/1)	64.96 (25/9)

Rises and Falls

	Nov. 23	Nov. 20	Nov. 19
Issues Traded	1,923	1,937	1,908
Rises	714	1,025	757
Falls	833	523	717
Unchanged	376	390	434
New Highs	33	34	25
New Lows	30	19	47

MONTREAL

	Nov. 23	Nov. 20	Nov. 19	Nov. 18	1981 High	1981 Low
Industrials	330.99	329.11	326.02	321.82	408.56 (27/6)	310.21 (25/9)
Combined	313.40	312.54	309.95	306.41	375.28 (15/6)	295.37 (25/9)
TORONTO Composite	1918.5	1925.3	1904.5	1876.2	2378.5 (10/4)	1812.48 (25/9)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Marathon Oil	857,800	104½	—2⅞
ATT xd	768,700	59	—2⅞
Exxon	671,600	31⅜	—
Pennzoil xd	536,300	54	+1¼
Mobil	521,900	25⅞	+⅛
Citicorp	453,100	26⅛	—
IBM	442,300	50½	—⅛
Bally Mfg.	417,300	29⅞	—⅛
Baxter Lab	406,700	32	—1⅛
Union Oil	385,300	41⅞	+1¾

	Nov. 24	Nov. 23	Nov. 20	Nov. 19	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	563.6	565.5	559.5	561.4	757.3 (6/4)	546.8 (29/10)
Metal & Minrls (1/1/80)	408.0	407.1	404.5	407.8	786.2 (7/1)	404.5 (20/11)
AUSTRIA						
Credit Aktien (2/1/62)	54.81	55.02	55.24	55.29	66.43 (5/1)	53.64 (13/10)
BELGIUM						
Belgian SE (31/12/63)	72.18	72.31	72.03	72.62	86.16 (17/2)	69.53 (16/6)
DENMARK						
Copenhagen SE (1/1/73)	120.21	120.56	120.40	121.11	121.11 (19/11)	95.88 (2/1)
FRANCE						
CAC General (29/12/61)	87.60	87.2	87.20	87.2	112.5 (17/3)	77.3 (15/6)
Ind Tendance (31/12/80)	95.90	95.2	94.20	95.6	108.5 (10/3)	78.2 (12/6)
GERMANY						
FAZ-Aktien (31/12/58)	218.41	220.47	221.28	219.93	243.47 (3/7)	215.08 (8/2)
Commerzbank(Dec1953)	667.70	675.6	676.5	672.7	749.8 (3/7)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	83.20	83.5	83.6	83.3	96.8 (20/8)	78.6 (28/8)
ANP-CBS Indust (1970)	61.60	61.9	62.1	62.0	76.4 (22/6)	61.6 (30/10)
HONG KONG						
Hang Seng Bank (31/7/64)	1398.00	1416.18	1401.75	1386.58	1810.20 (17/7)	1115.77 (5/10)
ITALY						
Banca Comm Ital (1972)	192.50	192.50	191.97	190.20	292.05 (5/6)	166.44 (24/7)
JAPAN**						
Dow Average (16/5/49)	7602.78	(c)	7647.43	7656.26	8019.14 (17/8)	6956.52 (13/5)
Tokyo New SE (4/1/68)	560.35	(c)	564.02	565.27	603.92 (17/8)	495.79 (5/1)
NORWAY						
Oslo SE (1/1/72)	135.67	134.67	133.98	133.77	145.72 (6/8)	110.54 (5/6)
SINGAPORE						
Straits Times (1966)	725.54	714.28	707.85	714.84	973.28 (26/6)	618.26 (1/8)
SOUTH AFRICA						
Gold (1958)	—	576.0	585.5	589.6	787.6 (7/1)	476.8 (3/7)
Industrial (1958)	—	680.4	682.0	681.6	709.4 (21/10)	557.2 (5/2)
SPAIN						
Madrid SE (30/12/80)	129.37	129.80	129.65	129.1	146.15 (6/9)	100.48 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	611.57	616.66	620.44	620.66	669.31 (19/8)	494.17 (28/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	254.00	254.10	249.7	247.0	304.2 (2/4)	242.8 (17/11)
WORLD						
Capital Intl. (1/1/70)	—	145.0	145.2	144.3	162.8 (6/1)	136.6 (28/9)

(**) Sat Nov 21: Japan Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Comon—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Setback to EEC fish policy hopes

BY LARRY KLINGER IN BRUSSELS

BRITAIN's prospects for making substantial progress towards the establishment of a Common Fisheries Policy—a declared aim of the UK's current term as president of the EEC Council of Ministers—received a big setback yesterday with the likelihood that next week's council meeting of Fisheries Ministers will be cancelled.

Denmark has informed Britain that it will be unable to make any concrete decisions on Fisheries policy until after the Danish general election on December 8. The EEC member-states' committee of permanent representatives to Brussels are expected to decide today or tomorrow on whether to go ahead with the council, but officials said last night that cancellation was almost certain.

The next scheduled council of Fisheries Ministers is for December 14. However, this is the last scheduled meeting under the British presidency, which ends at the close of the year.

While it is also possible to call an extraordinary council meeting, the cancelling of this month's session would leave very little change of substantial progress before the Christmas and year-end holidays.

Richard Mooney writes: Leaders of British fishermen, who are worried that the Government is preparing to back down on its demand for a 12-mile exclusive coastal zone, will meet Mr Peter Walker, the Minister of Agriculture and Fisheries, today to warn him of the consequences.

Mr Jim Leadley, chairman of the National Federation of Fishermen's Organisations, said yesterday: "Unless Peter Walker stands firm now on the 12-mile limit, foreign vessels will be able to fish within sight of our shores . . . UK vessels have been forced out of other countries' waters and now our inshore grounds are threatened—there is nowhere else left to go except the beaches."

An NFFO statement said the UK fishing industry had already reluctantly cuts its objective on exclusive access successively from 200 miles to 50 and then to 12 miles with preferential access within 50 miles. "Now the Government seems satisfied to compromise further and agree a mere six mile exclusive," it said.

The UK fishing fleet had restructured to exploit inshore fishing opportunities following its exclusion from distant waters. But inshore fishermen required the protection of a 12-mile limit to support the industry's efforts to attain self-sufficiency in fish production.

Brazilian loan offer boosts cocoa

By John Edwards, Commodities Editor

NEWS that four Brazilian banks are ready to offer an $85m syndicated loan to the International Cocoa Organisation's buffer stock helped rally cocoa prices yesterday. On the London futures market the March position gained £15 to £1,088.5 a tonne, encouraged by chart followers predicting a recovery following recent losses.

A Reuter report from Rio de Janeiro quoted Sr Angelo Calmon de Sa, president of Banco Economico, as stating that together with three other Brazilian banks—Banco do Brazil, Banco do Estado de Sao Paulo, and Banco Real—were ready to offer an $85m loan to the buffer stock of the International Cocoa Organisation.

He added that other banks might join in to raise the total loan to $120m—the amount that the buffer stock was authorised to seek, subject to approval at the next International Cocoa Council meeting in January.

Sr Calmon de Sa is planning to visit London later this week to hold talks with the cocoa buffer stock manager, Mr Juergen Plambeck.

U.S. futures trading fee

By Nancy Dunne in Washington

UNDER pressure from the Reagan Administration, the Commodities Futures Trading Commission is studying the possibility of asking Congress to impose a "users' fee," in effect a tax on transactions, which commodity traders say would jeopardise the future of the recently approved self-regulatory association.

The users' fee, much like the fees imposed by the Securities and Exchange Commission on stock traders, would be levied on each futures transaction to help offset the expenses of the CFTC.

Commodity traders are up in arms about the proposal. The industry says the tax could cost large traders hundreds of thousands of dollars a year each and could wipe out many small floor traders, who buy and sell an estimated 30-70 per cent of some contracts and provide much of the movement in agricultural futures.

TROPICAL TIMBER

Investing in forest development

BY BRIJ KHINDARIA IN GENEVA

COUNTRIES producing tropical timber have obtained approval *for new investments* worth about $106m at talks in Geneva which also helped to clear the way for a planned international agreement on tropical timber.

The approval was won at a *meeting of experts from both* timber producing and consuming countries organised by the United Nations Conference on Trade and Development (Unctad). The money will be used to pay for about 42 projects in Africa, Asia and Latin America to promote more rational and economical use of wood, prevent deforestation, and improve logging, harvesting and training methods.

However, final approval and actual spending must await completion of a new international agreement on tropical timber which has been in preparation since 1976.

It is now felt that formal negotiations for the agreement could open after a final round of preparatory talks starting on March 29 next year.

The agreement is unlikely to *be a classic commodity arrangement* in which a buffer stock mechanism is used to stabilise world prices around an agreed level. Instead, the accord will focus on promoting discussions among exporters and importers to improve producers' profits *through cost cutting schemes*, better management and production methods, and more export promotion.

Such projects would be paid for by the second account of *a $750m fund likely to become* operational in 1983 as part of an Unctad programme aimed at concluding commodity agreements for 18 materials, including tropical timber. About $255m have already been pledged by governments towards the $280m targetted to the second account. The larger first account will pay only for buffer stock operations.

Last week's talks resolved an important conflict among timber producing countries by deciding *the order of priorities in which* money would be awarded for development projects. The highest priority was given to *projects dealing with wood* usage, followed by schemes to protect and expand natural forests.

Reforestation and training projects would receive lesser *amounts of money* and help would also be given to create forestry institutes and improve national forestry planning.

The conflicts among producers stemmed from the different needs of the regions where they are located. For example, in *the Asia-Pacific region which* includes the largest exporters—Indonesia with $1.74bn a year and Malaysia with $1.1bn a year—the main concern is to overcome problems created by overlogging and inadequate management systems.

In Africa where some countries depend heavily on timber exports for foreign earnings the main need is to improve use of vast but not yet *fully exploited natural forests.* Timber exports are a mainstay for countries in Africa including the Central African Republic where exports bring in 27 per cent of total foreign income and the Congo where they account for 23 per cent.

In Latin America the main focus is on raising productivity and better exploiting tropical timber resources to win a larger share in the world's export trade.

Tropical timber is a major internationally traded commodity. At $8bn last year, total trade was considerably higher than the better known $3bn cocoa trade, $4bn rubber trade, and $7bn cotton trade. Only coffee surpasses timber at $12.2bn while jute is a dwarf at $200m followed by hard fibres at $130m.

Malaysia attacks tin stock sales

KUALA LUMPUR, Malaysia, the world's largest tin producer, today formally protested to the U.S. over its plan to sell tin from its large strategic stockpile on the international market.

The protest was conveyed to the U.S. embassy in Kuala Lumpur by Primary Industries Minister, Datuk Paul Leong.

The government said that if the U.S. went ahead, Malaysia and other producers might be forced to take appropriate actions to overcome or minimise the adverse consequences.

The U.S. General Services Administration (GSA) plans to begin unrestricted tin sales next month unless Congress objects. At present GSA tin is restricted to domestic sales, but the new policy would allow it to be sold on international markets including London, the world's largest.

The Malaysian statement, issued by Datuk Leong, said the plan was a direct contravention of assurances given to producers by the U.S. that it would not make any moves under its stockpile release policy that could cause market disruption.

"This is nothing more than a direct attack on tin producers' interests by flooding the market with excess tin at a time when supplies already exceed demand and recessionary conditions prevail in the major industrial markets," Datuk Leong said.

● In Washington the GSA gave dates for the resumption of offerings of silver and tin from the national stockpile.

It said daily tin offerings will be resumed on Monday, November 30, and the weekly offering of up to 1.25m ounces of silver will be resumed on Wednesday, December 2.

The revised schedule of sales and acquisitions is due to the interruption of government service yesterday as a result of President Reagan's veto of an appropriations bill.

Reuter

Base metals rally

BY ROY HODSON

ALL THE base metals except tin rallied on the London Metal Exchange yesterday. The markets reacted to cuts in the U.S. prime rates. Lead rose £7.25 to close at £332.75 a tonne for cash under the additional influence of active buying in the U.S.

Copper put on £2.50 for cash metal closing at £838 a tonne. Cash tin closed at £8,332.50 a tonne, a fall of £1.50. The price for cash aluminium rose £11 to close at £550.25, while zinc closed at £444.25 for cash, a rise of £4.75.

Industrial news from metals producers continues to be bleak. Alcoa of Pittsburgh, the world's biggest aluminium producer announced yesterday it will shut down two more smelting potlines in North America early next month. Nearly 60,000 annual tonnes of ingot production capacity will be lost. The new cuts together with earlier Alcoa cutbacks in North America this year will reduce the company's operating rate in the U.S. to only 72 per cent of capacity.

Nickel production by the Société le Nickel is to be cut by 20 per cent at its New Caledonian operations next year. The company intends to operate there at an output of some 35,000 tonnes a year which will represent about 50 per cent of capacity. The company said the decision is designed to prevent the accumulation of stocks as a result of continued weak demand.

U.S. to push world grain sales

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE U.S. is developing an aggressive marketing policy for grain exports. It would aim to compete in every way for sales, with special subsidised credits and, in the long run, export subsidies would not be ruled out. This is the gist of an interview with Mr John Block, the U.S. Secretary of Agriculture, reported in Agra Europe.

On sales to China, Mr Block is reported as saying that the Chinese would not be buying additional quantities this year, but he looked to a special credit programme to increase sales in that direction. This policy coupled with export promotion would, he thought, do three times as much for farm income as money spent on deficiency payments.

He explained a long-term agreement being negotiated with the Soviets as being designed to avoid the U.S. becoming simply the residual supplier to the Soviets. A new agreement would guarantee a specified minimum tonnage of sales. He thought the Soviets were broadly in agreement.

Mr Block welcomed the suggestion that EEC cereal prices should be aligned with world prices, but he took strong exception to the use of subsidies by the EEC to compete on the world market. If this increased, the U.S. would be forced to retaliate, and in this he did not rule out the use of subsidies.

This interview underlines the fact that the U.S. is becoming increasingly worried by the increase in EEC grain exports, which are beginning to invade overseas' markets, as port facilities are being improved to take bigger ships. Paradoxically, one reason for the increasing exportable surpluses of grain in the EEC is the rising importation of maize gluten from the U.S. for use in animal feed.

● Officials in Peking are studying the possibility of a severe drought between 1981 and 1983 in China's two biggest wheat-producing provinces, Henan and Shandong, according to the new China news agency.

BRITISH COMMODITY MARKETS

BASE METALS

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	546-7	+8.25	550-.5	+11
3 months	570-.5	+6	574-.5	+11.5

Aluminium—Morning: Three months £566.00, 66.50, 67.00, 68.00, 69.00, 68.50, 69.00, 70.00. Kerb: Three months

GRAINS

COCOA

COFFEE

GAS OIL FUTURES

WOOL FUTURES

COTTON

POTATOES

RUBBER

SOYABEAN MEAL

SUGAR

MEAT/VEGETABLES

PRICE CHANGES

In tonnes unless otherwise stated.

AMERICAN MARKETS

NEW YORK, November 24. THE PRECIOUS METALS and copper firmed on short covering based on the markets oversold condition. Sugar firmed on expectations that the EEC will be able to stockpile sugar. Cocoa firmed on reports that Brazilian banks are willing to offer financing to the buffer stock fund.

Monday's closing prices

EUROPEAN MARKETS

PARIS, November 24

Cocoa (U.S. $ per 100 kilos): Dec 1155-1175, Mar 1163-1165, May 1170-1185, July 1180-1205, Sep 1205-235, Dec 1230 bid, Mar 1240 bid. Sales at call: 1.

Sugar—(U.S. $ per tonne): Mar 1810-1812, May 1846-1855, July 1850-1870, Aug 1900/1915, Oct 1935-1970, Nov 1935-1970, Dec 1960-1980, Mar 1975-1998. Sales at call: 14.

INDICES

FINANCIAL TIMES

Nov. 23	Nov. 20	Month ago	Year ago
247.59	247.98	259.17	269.45

(Base: July 1, 1952=100).

MOODY'S

Nov. 23	Nov. 20	Month ago	Year ago
983.3	985.1	995.5	1319.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 23	Nov. 20	Month ago	Year ago
Spot	356.00	355.96	353.91	482.83
Fut's	364.88	367.97	369.49	493.29

(Average 1924-25-26=100)

REUTERS

Nov. 24	Nov. 23	M'nth ago	Year ago
1611.0	1655.5	1669.7	1751.2

(Base: September 18, 1931=100)

Unexpected Prime rate cuts enliven dreary markets
Gilts and equities regain early falls to close higher

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14
Dec 7	Dec 17	Dec 22	Jan 4

* "New time" dealings may take place from 9 am two business days earlier.

A dreary session in London stock markets was unexpectedly enlivened yesterday afternoon following surprise announcements of U.S. Prime lending rate cuts. Several American majors reduced their rates to 16 per cent, but Chase Manhattan's drop of ½ to 15¾ per cent sparked life into London markets. Prior to the Chase announcement, investment incentive had been flagging with both Gilt-edged and equities dull again reflecting a continuation of tight credit conditions in money markets.

Further offerings on an unreceptive market had lowered longer-dated Government securities by ½ more, despite demand from small private investors. The shorts were showing falls extending to ⅜, but the Prime rate news quickly changed the market's course. Bear-covering and investment support soon restored quotations to around overnight levels and, after some minor fluctuation, fresh upward progress was made.

Selected high-coupon longs finally managed gains ranging to ½, while many others ended ¼ up on balance. Where changed, the shorts also displayed small rises, some of ⅛. The £40-paid short tap, Exchequer 14 per cent 1986, activated at 40¼ in first-time dealings last Friday, closed unaltered at 39⅞, after 39½.

Leading shares changed tack just as suddenly. The early trend was lower with professional short selling encouraged by Wall Street's continued reluctance to mount a recovery and by the unsettled UK labour situation. Values eased further following the initial Gilt-edged dullness and at 11 am the FT Industrial Ordinary share index was registering a fall of 5.5.

Trade was extremely slow and only relieved through specialist activity in a few situation stocks and those with trading announcements. Shortly after 2 pm, however, a bear squeeze developed following the lower U.S. interest rates and leading shares went swiftly higher. Popular Electricals and the Oil majors led the movement and at 3 pm the index fall was cut to only 1.4; the firmer trend continued after-hours and the close was 2.2 up on the day at 520.0.

Deals arranged in Traded Options amounted to 1,346, comprising 959 calls and 387 puts. With the interim results due early next month, GEC attracted 236 calls and 29 puts.

Hambros down

Reflecting acute disappointment with the interim statement, Hambros fell 12 to 146p. Elsewhere in the banking sector, a quietly firm trend was evident with Hire Purchases gaining ground on cheaper money hopes. London Scottish Finance put on 2 to 45p, while FNFC, 32p, and Moorgate Mercantile, 15p, hardened a penny apiece. Sturla edged forward a fraction to 12½p following the announcement that Park Place Investments has increased its holding to nearly 10 per cent. Still hoping that Hongkong and Shanghai's proposed offer will be cleared by the Monopolies Commission, Royal Bank of Scotland improved 3 afresh to 189p.

Composites led the late advance in Insurances. Still drawing strength from a broker's favourable circular, Commercial Union improved 4 more to 137p. Eagle Star added 11 to 322p and Royals 7 to 360p. GRE put on 6 to 315p as did Phoenix, to 264p. Among Lloyds brokers, C. E. Heath eased to 305p immediately after the interim results but rallied to close unchanged on the day at 310p.

Breweries passed a rather quiet trading session, but Mansfield featured in secondary issues with a rise of 22 to 282p in response to the good interim results. Wolverhampton and Dudley made a sympathetic improvement of 4 to 216p.

Allebone easier

The Building sector displayed several bright spots. BPB Industries jumped to 308p before closing a net 22 up at 304p in response to the better-than-expected interim results, while Barratt Developments firmed 11 to 242p following the chairman's statement at the annual meeting. Blue Circle closed 4 dearer at 472p and Tarmac 6 better at 330p, while Redland, interim results tomorrow, hardened a couple of pence to 154p. Tunnel B, up 28 since RTZ announced its intention to bid for the company if its offer for T. W. Ward becomes unconditional, advanced 17 more to 505p. Leigh Interests, also a good market recently because of its trading links with Tunnel, encountered profit-taking and reacted to 126p before closing a net 3 off at 128p. Stock shortages exaggerated gains in the Timber sector, Magnet and Southerns rising 14 to 144p, May and Hassell 6 to 70p and Montague L. Meyer 3 to 60p. Elsewhere, renewed speculative support lifted John Finlan 4 to 140p.

After opening a couple of pence easier at 280p, ICI drifted back to 276p before rallying late on the appearance of cheap buyers to close unchanged on balance at 282p. Fisons finished 3 dearer at 138p, after 132p.

Interest in the Stores sector was at a low ebb. Profit-taking in the wake of the previous day's Press-inspired rise of 7 saw Allebone retreat 3 to 29p, while Headlam Sims and Coggins, at 50p, lost half of Monday's gain of 8 which followed details of the proposed two-for-five scrip-issue. Bakers Household hardened a few pence to 170p and Comet Radiovision edged forward a penny to 110p; the latter's preliminary results are due today. Burton, awaiting annual figures today, closed unaltered at 130p.

The popular Electrical leaders closed at, or near, the day's best levels after the late general rally. Helped by the sale of a subsidiary of Electrical and Radio Distributors to Edmundson Electrical for just over £7m, Thorn EMI closed 12 to the good at 452p, while GEC advanced 10 to 763p on demand ahead of the interim figures due early next month. Plessey picked up from 335p to finish a net penny harder at 343p, while Racal recorded a gain of 5 at 405p, after 398p. Elsewhere, Berec cheapened a penny to 128p, after 126p, on the announcement that Hanson Trust has extended its offer until December 14.

In line with the general trend, leading Engineerings rallied from earlier lower levels. Hawker, down to 314p at one stage, closed unaltered at 320p, while GKN also ended without alteration at 168p, after 163p. Elsewhere, Braham Miller advanced to 33p and reacted to 31p before closing 6 higher on the day at 32p following the announcement that Bath and Portland had purchased 1,435,000 Braham Miller Ordinary shares at 33p per share through the market and Bath's proposal to make a tender offer for a further 1,093,500 shares, which would bring its total holding to 29.9 per cent; Braham Miller is currently in receipt of a bid worth 30p cash from Fieldwood. Fresh support lifted G. M. Firth 4 to 182p. Wellman Engineering improved 3½ to 50½p, while Concentric, still reflecting the preliminary results, put on 5 further to 42p.

A penny firmer awaiting the annual results, Ranks Hovis McDougall reacted to 63p on the announcement before rallying to close unchanged on balance at 64p. Elsewhere in the Food sector, Amos Hinton gained 6 to 264p in response to the more-than-doubled interim profits, but Associated Fisheries, a good market recently on the sale of its loss-making leasehold property and cold store in South-West London, shed 4 to 69p on profit-taking.

Talk that the former chairman's 25 per cent stake in the company had changed hands made no apparent impression on M. F. North which held at 40p. Old Swan Hotel (Harrogate) firmed 2 to 77p following the interim results.

WGI better

Buyers came for WGI following an investment recommendation and the close was 8 higher at 98p, after 100p. Elsewhere in miscellaneous industrials, Biddle jumped 15 to 148p on demand in a thin market, while rumours of an imminent dawn raid left Steetley 5 higher at 173p. English China Clays, also the subject of recent speculation about a possible dawn raid, hardened a penny more to 149p, after 150p; the annual results are due on December 17. Despite adverse comment, Redfearn National Glass improved 5 to 100p and European Ferries, awaiting the Monopolies Commission's report on the Sealink bid, rose 3 to 68½p. Martin Black hardened 1½ to 23½p in response to details of a Canadian subsubsidiary sale and Vinten added 6 to 188p on further consideration of the interim results. Charles Hill of Bristol gained 8 to 138p. Firm recently on the Hawk jet-trainer deal, British Aerospace improved 4 afresh to 204p. Among the leaders, which generally made late progress on the U.S. Prime Rate cuts, Metal Box contrasted with a reaction of 4 to 164p on profit-taking after the previous day's rise on better-than-expected interim profits.

After easing to 206p, Lucas Industries rallied to close 5 dearer on balance at 212p.

Greers Gross jumped to 120p before settling a net 11 up at 118p on news that the company had won a contract worth £2m to handle BP's advertising. Link House attracted speculative interest and gained 7 to 233p, but Transparent Paper shed 3 to 24p on the half-year loss.

Oils firm late

Properties went better late and Land Securities closed a net 3 up at 323p, after 318p, while MEPC ended 4 dearer at 233p. Town and City, fractionally easier at one stage despite the revelation that a property revaluation was in progress, attracted late support and closed a penny firmer on balance at 27½p. London Shop Property also attracted support and firmed 4 to 112p, as did Mountleigh, which added a like amount to 84p.

Leading Oils took a decided turn for the better in the late afternoon, British Petroleum closing 6 up on the day at 328p, after 320p, and Shell a similar amount dearer at 396p, after 388p. Elsewhere, NCC rose 10 to 100p on revived hopes about the merger with Simplicity following the intervention of Mr Alan Bond, while the proposed resumption of bid discussions with NCC left Energy Capital 2 firmer at 60p. Rumours of an oil discovery in the China seas prompted a rise of 30p to 335p in Weeks Burmuda and a similar improvement in Weeks Australia, 340p.

Trusts trended a few pence lower, while Money Brokers gave fresh ground in Financials, RP Martin falling 10 more to 300p and Mercantile House reacting 8 further to 430p.

Among the occasional movements in Textiles, Parkland A rose 4 to 41p on the return to profitable trading at the half-way mark.

Plantations were featured by Inch Kenneth, which advanced 25 to 265p on revived speculative support in a restricted market. Dealings started yesterday in McLeod Russel's 8.4 per cent Convertible Preference shares, issued pursuant to the group's offer for Warren Plantations; from an opening of 135p, shares improved to finish at 142p.

Rally in Golds

The prime rate cuts by a number of U.S. banks led to an improvement in sentiment in mining markets, notably South African Golds.

The latter fell away on lack of interest at the outset but subsequently staged a minor rally in the afternoon and after-hours' trading as the bullion price responded to the interest rate cuts with a rise of $4.5 to $400 an ounce.

However, the late rally was insufficient to prevent a small decline in the Gold Mines index, down 0.5 at 298.2.

In the heavyweights, Hartebeest were prominent and finally ⅜ firmer at £25⅜, while gains of ⅛ were common to President Brand, £18¼, and President Steyn, £15⅛.

On the other hand, Western Deep fell to a 1981 low of £16 before closing a net ⅛ cheaper at £16¼. Western Holdings gave up ¼ to £24¾.

Financials mirrored the trend in Golds. In the South Africans, Gold Fields of South Africa improved ⅜ to £36¾ and Sentrust 11 to 392p. Anglo American Corporation eased 10 to 640p; half-year results are expected tomorrow.

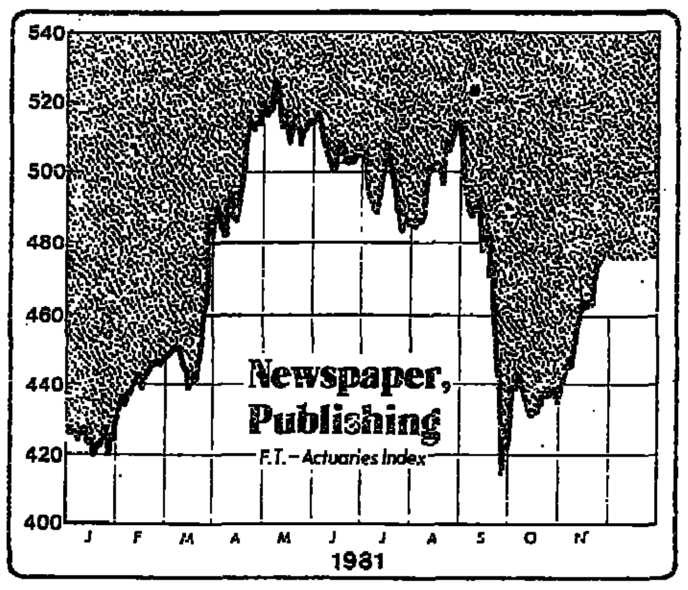
Initially dull, London Financials attracted support in the late dealings, boosted by the steadier performances of precious and base-metal prices. Charter closed 4 up on balance at 217p and Gold Fields 7 better at 470p, after 460p.

RTZ, however, remained a dull market with the shares a further 5 down at 440p—a fall of 20 since the bid for T. W. Ward was announced.

Australians continued on a quietly firm note. CRA rose 5 to 170p, Oakbridge 3 to 117p and Seltrust "A" 2 to 54p.

In the more speculative stocks, Pelsart Resources added 1½ to 17½p in response to news that the company is a member of the consortium awarded the much sought-after WA-167 petroleum exploration permit adjacent to Woodside Petroleum's North Rankin gas field.

In an otherwise subdued Tins sector, Pengkalen advanced 18 to a 1981 high of 180p and Tongkah Harbour put on 5 to 75p following good demand from Kuala Lumpur and Singapore.



FINANCIAL TIMES STOCK INDICES

	Nov. 24	Nov. 23	Nov. 20	Nov. 19	Nov. 18	Nov. 17	A year ago
Government Secs.	64.12	63.96	64.49	64.62	63.97	63.96	70.57
Fixed Interest	64.16	64.22	64.49	64.49	64.16	64.22	71.98
Industrial Ord.	520.0	517.8	520.2	511.7	503.5	508.5	497.3
Gold Mines	298.2	298.7	304.2	300.7	301.4	299.2	479.9
Ord. Div. Yield	5.76	5.80	5.77	5.86	5.95	5.88	7.30
Earnings, Yld. % (full)	9.84	9.91	9.64	9.81	9.93	9.83	16.19
P/E Ratio (net) (*)	13.03	12.94	13.47	13.23	13.08	13.22	7.56
Total bargains	17,090	18,015	17,334	18,674	17,836	17,511	23,757
Equity turnover £m.	—	134.06	172.27	146.14	102.65	92.31	184.89
Equity bargains	—	13,732	15,900	14,646	14,168	12,349	19,541

10 am 513.5. 11 am 512.3. Noon 513.0. 1 pm 513.0. 2 pm 513.4. 3 pm 516.4.

Latest Index 01-246 8026.

*N.I = 11.60.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	70.61 (20/5)	60.17 (28/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 23	Nov. 20
—Daily		
Gilt Edged Bargains	183.9	178.9
Equities Bargains	89.0	103.0
Value	271.0	348.2
5-day Avrge.		
Gilt-Edged Bargains	186.5	191.6
Equities Bargains	91.7	92.0
Value	261.7	250.7

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (17)

BRITISH FUNDS (2)
Treas. 8½pc '80-82 Treas. 3pc 1982

COM'WEALTH & AFRICAN LOANS (1)
Australia 5½pc '81-82

FOREIGN BONDS (1)
Japan 4pc '10 Ass.

BEERS (1)
Morland

BUILDINGS (2)
BPB Glossop

ELECTRICALS (1)
Amstrad

ENGINEERING (2)
Braham Millar Firth (G. M.)

FOODS (1)
Hinton (A.)

INDUSTRIALS (4)
Abbey Biddle
Bath & Portland Pauls & Whites

PROPERTY (1)
Greencoat

MINES (1)
Pengkalen

NEW LOWS (20)

AMERICANS (3)
Damson Oil Lowes
Honeywell

BEERS (1)
Invergordon

ELECTRICALS (1)
Hadland (J.)

ENGINEERING (4)
Capper-Neill Stothert & Pitt
Lev's Foundries Wagon Industrial

INDUSTRIALS (2)
Berwick Timpo Standard Ind.

MOTORS (1)
Hanger Invs.

SHOES (1)
Strong & Fisher

OILS (1)
Strata Oil

RUBBERS (1)
Rightwise

MINES (5)
Western Deep Cons. Gold Min.
Coronation Leichardt Exploration
Falcon

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	68	—	24
Corpns., Dom. and Foreign Bonds	8	19	46
Industrials	200	229	927
Financial & Props.	63	130	316
Oils	15	30	60
Plantations	7	1	15
Mines	48	38	82
Others	27	68	52
Totals	436	515	1,522

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 16	Nov 27	Feb 25	Mar 8
Nov 30	Dec 11	Mar 11	Mar 22
Dec 14	Dec 29	Mar 25	Apr 5

For rate indications see end of Share Information Service

Stocks to attract money for the call included ICI, Royal Bank of Scotland, Exco, ICL, Howard Tenens, Brooke Bond, Comtech, Greencoat Properties, Allied-Lyons and Sound Diffusion. Exco and Royal Bank of Scotland were dealt in for the put, while double options were arranged in First National Finance, Royal Bank of Scotland and Town and City.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p or amount	Times covered	Gross yield	P/E ratio
§80	F.P.	—	84	82	✻A & G Sec. Elecs.5p	82	......	b2.75	2.3	3.0	[illegible]
§70	F.P.	30/11	73	68	✻Acsis Jewellery	70	+1	u3.7	2.0	7.6	7.8
—	F.P.	4/12	850	775	✻Asprey	800		55.0	3.5	6.3	5.8
168	F.P.	8/1	205	191	Cable & Wireless 50p	194	+1	b6.5	2.0	4.8	15.4
§35	F.P.	—	35	33	✻City Site	34		b0.5	1.8	2.1	[illegible]
140	F.P.	—	187	170	Exco 10p	170	−3	b4.5	2.2	3.8	17.1
—	F.P.	—	9	9	F&C Enter. Warrants	9		—	—	—	—
§90	F.P.	4/12	105	98	✻Feedback 10p	98	+4	b2.0	3.0	2.9	16.4
§50	F.P.	9/12	50	42	✻Gr'nw'hCable&Cm.	42		—	—	—	—
§10½	F.P.	2/12	17	14	✻Humberside El. 1p	17		—	—	—	—
63	F.P.	2/12	76	69	✻JohnstonesP'int10p	75		b4.55	2.5	6.7	7.8
100	F.P.	—	104	101	NewAustraliaInv.50p	101	−1	—	—	—	—
§67	F.P.	18/12	69	68	✻Sheldon Jones	69		u3.5	2.4	7.3	7.8
†	F.P.	—	33	32	✻Television South10p	32		—	—	—	—
§62	F.P.	4/12	64	60	✻V.W.	61		bd3.84	2.3	9.0	5.7
—	F.P.	—	4½	4½	Viners 1p	4½		—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price	+ or −
‡	F.P.	26/10	83½p	81p	Asprey 9% Cum. Prf.	83½p	—
**	F.P.	—	38p	38p	Cater Ryder 4.2 2nd. Cum.Prf.	38p	—
§33p	F.P.	—	33p	32p	City Site Ests. 10% Cnv. Cum. Red. Prf.	32p	—
**	F.P.	10/12	12½	12	E. Worcs Waterworks 10½% Rd. Prf. '86	12½	—
51p	F.P.	—	54p	52p	Inchcape 5½% Cum. Red. Prf. 1990/2	54p	—
**	F.P.	—	142p	135p	Mcleod Russell 8.4% Cnv. Red. Cum. Prf	142p	—
§100	F.P.	—	100¼	100	Nat'wide Bdg.Society15⅞%Bds(24/11/82)	100¼	—
‖£1	F.P.	13/11	102½	100½	Staffs. Pots. 10% Cnv. Cum. Prf.	102	—
†	F.P.	—	88	86	✻Television South Loan '86-88	88	+1
—	F.P.	—	135	115	Viners 10% Cnv. Loan 1988	115	—

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
275	125p	13/7	2/12	182	104	BP	170	−1
20	F.P.	13/11	11/12	25	20¾	Brown & Jackson	25	+1
182	F.P.	25/10	27/11	204	182	Foseco Minsep	204	—
90	F.P.	21/10	26/11	109	90½	Haslamat	109	—
14	Nil	27/11	6/1	6pm	4pm	Lancaster (D.M.)	6pm	—
126	Nil	2/12	15/1	17pm	8pm	Northern Foods	8pm	−1
50cts	Nil	—	—	117pm	108pm	T N T	110pm	—
30	F.P.	15/11	15/12	42	33	Websters	41	−1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. *m* Interim since increased or resumed. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BPB	304	+22	Heath (C.E.)	310	—
Barratt Development	242	+11	ICI	282	—
Braham Millar	32	+7	Lucas Industries	212	+5
European Ferries	68½	+3	Plessey	343	+1
GEC	763	+10	R H M	64	—
Headlam Sims	50	−4	Tunnel B	505	+17

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Metal Box	16	168	+12	Lloyds Bank	10	410	−8
GEC	15	753	−7	Lucas Inds.	10	207xd	−2½
Eng China Clys	12	148	+7	RTZ	10	445xd	−7
Hanson Tst	11	277	−3	Tunnel B	10	488	+8
Brit. Aerospace	10	200	−3	BP New	9	172	+8
GUS A	10	418	−5	Cable & Wire	9	193	—
KCA Interntl.	10	152	−4	ICI	9	282	−2

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Nov. 24, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. Nov. 23 Index No.	Fri. Nov. 20 Index No.	Thurs. Nov. 19 Index No.	Wed. Nov. 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	340.65	+0.7	10.21	4.63	12.08	338.18	338.44	333.10	329.11	294.31
2	Building Materials (25)	293.51	+2.3	15.17	5.82	7.52	286.94	285.53	283.94	281.85	248.61
3	Contracting, Construction (28)	503.14	+0.6	18.93	5.49	6.17	499.92	498.73	497.98	497.13	427.93
4	Electricals (30)	1167.98	+1.0	7.81	2.46	15.98	1156.16	1163.41	1140.02	1121.73	951.88
5	Engineering Contractors (9)	479.55	−1.0	13.53	5.79	8.72	484.56	480.46	480.62	476.66	373.17
6	Mechanical Engineering (66)	187.12	−0.1	11.28	5.82	11.32	187.29	188.15	184.63	182.43	182.38
8	Metals and Metal Forming (12)	164.64	−0.4	8.73	7.38	15.64	165.31	162.73	159.53	156.16	151.82
9	Motors (21)	91.23	+0.9	—	7.45	—	90.43	91.50	88.61	87.35	94.55
10	Other Industrial Materials (18)	356.13	+0.1	9.22	6.35	13.19	355.71	352.52	347.49	345.57	0.00
21	CONSUMER GROUP (198)	266.14	−0.1	13.32	6.16	9.26	266.44	267.72	265.83	264.36	246.52
22	Brewers and Distillers (20)	272.00	−0.2	16.53	7.13	7.29	272.64	273.37	270.14	264.29	277.18
25	Food Manufacturing (21)	262.64	−0.7	15.36	6.46	7.88	264.46	266.58	265.22	265.14	217.56
26	Food Retailing (15)	540.46	−0.4	9.52	3.59	12.74	542.81	545.25	540.33	541.45	458.25
27	Health and Household Products (7)	349.60	−0.3	8.98	4.59	13.09	350.55	354.63	354.94	354.53	250.54
29	Leisure (24)	420.92	+0.8	9.65	5.23	12.87	417.60	415.26	412.80	409.58	357.95
32	Newspapers, Publishing (12)	476.02	+0.3	12.95	6.33	11.19	474.57	470.01	463.90	463.90	442.86
33	Packaging and Paper (13)	130.00	+0.7	15.86	8.29	7.52	129.15	127.95	128.09	125.26	124.41
34	Stores (46)	237.29	−0.1	12.08	5.66	11.12	237.48	239.62	237.03	236.70	256.80
35	Textiles (23)	148.66	−0.2	8.92	6.19	15.33	148.88	147.62	146.29	144.55	138.99
36	Tobaccos (3)	244.04	+0.4	23.30	10.66	4.94	243.07	244.77	244.00	244.06	209.36
39	Other Consumer (14)	247.46	−0.6	6.54	7.02	29.34	248.89	249.83	251.42	250.91	0.00
41	OTHER GROUPS (80)	219.61	+0.1	11.00	6.30	11.74	219.48	219.50	217.51	215.74	225.69
42	Chemicals (16)	289.01	+0.1	5.52	6.21	30.43	288.75	290.49	285.36	282.05	307.68
44	Office Equipment (4)	104.15	−1.0	17.56	8.45	6.81	105.24	103.39	102.20	99.98	105.34
45	Shipping and Transport (13)	496.36	+0.5	21.59	7.44	5.51	493.68	496.69	492.13	490.18	569.82
46	Miscellaneous (47)	278.66	+0.1	12.32	5.70	10.07	278.45	277.17	277.34	276.10	278.19
49	INDUSTRIAL GROUP (487)	284.98	+0.2	11.83	5.60	10.48	284.33	285.09	282.06	279.72	261.46
51	Oils (13)	754.09	+1.3	18.88	7.48	6.00	744.41	750.23	715.25	698.53	987.63
59	500 SHARE INDEX	322.97	+0.4	13.14	5.95	9.20	321.60	322.76	317.18	313.69	318.99
61	FINANCIAL GROUP (119)	255.53	+0.7	—	5.94	—	253.86	255.17	253.59	252.12	245.27
62	Banks (6)	275.47	+1.1	32.41	6.83	3.63	272.47	273.99	272.95	267.76	249.14
63	Discount Houses (9)	249.61	−0.4	—	8.87	—	250.74	249.79	249.47	248.12	306.33
64	Hire Purchase (3)	215.57	−0.2	14.43	8.58	9.59	215.09	215.09	214.79	218.63	219.62
65	Insurance (Life) (9)	256.44	+0.2	—	6.24	—	255.97	256.72	256.22	256.07	251.17
66	Insurance (Composite) (10)	163.35	+1.6	—	8.20	—	160.81	162.83	160.80	161.52	156.78
67	Insurance Brokers (8)	429.15	+1.0	10.77	5.62	12.61	424.98	421.51	418.98	420.57	337.88
68	Merchant Banks (12)	149.14	−1.6	—	5.43	—	151.59	152.57	152.20	152.88	160.64
69	Property (50)	459.31	+0.6	4.52	3.13	29.75	456.75	458.50	454.02	458.76	462.21
70	Miscellaneous (12)	169.34	−1.0	17.80	6.22	6.87	171.11	171.28	171.44	171.13	164.52
71	Investment Trusts (110)	282.34	−0.6	—	5.71	—	284.06	283.22	281.86	281.92	292.03
81	Mining Finance (4)	228.08	+0.3	15.11	6.21	7.97	227.48	230.77	233.45	230.18	251.17
91	Overseas Traders (17)	413.19	−0.4	12.77	7.78	9.56	414.71	411.22	408.86	407.91	402.95
99	ALL-SHARE INDEX (750)	307.37	+0.4	—	5.97	—	306.17	307.26	303.80	300.26	304.22

FIXED INTEREST

	PRICE INDICES	Tues. Nov. 24	Day's change %	Mon. Nov. 23	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.16	+0.06	106.09	—	9.74
2	5-15 years	103.11	+0.30	102.80	—	11.14
3	Over 15 years	104.61	+0.28	104.32	—	12.60
4	Irredeemables	113.17	+0.77	112.31	—	13.50
5	All Stocks	104.33	+0.22	104.10	—	11.10
6	Debentures & Loans	80.40	+0.32	80.15	—	10.60
7	Preference	59.93	—	59.93	—	6.68

	AVERAGE GROSS REDEMPTION YIELDS		Tues. Nov. 24	Mon. Nov. 23	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.23	13.26	11.63
2		15 years	13.54	13.59	11.62
3		25 years	13.52	13.57	11.62
4	Medium Coupons	5 years	15.46	15.49	13.15
5		15 years	15.35	15.40	13.28
6		25 years	14.84	14.87	13.02
7	High Coupons	5 years	15.39	15.43	13.35
8		15 years	15.55	15.60	13.53
9		25 years	15.02	15.14	13.10
10	Irredeemables†		12.98	13.08	11.28
11	Debs & Loans	5 years	16.23	16.29	14.12
12		15 years	16.02	16.11	13.89
13		25 years	16.00	16.05	13.85
14	Preference†		16.52	16.52	14.60

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, [illegible]

FT UNIT TRUST INFORMATION SERVICE

L. & C Unit Trust Management Ltd.
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	162.3	167.4	.....	8.96
L&C Intl & Gen Fd	135.6	139.8	.....	1.58

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	91.9	99.4	−0.5	4.53
Equity Acc.	128.9	139.6	−0.7	4.53
Gilt	109.5	115.3	+0.7	8.33

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	121.7	129.1	.....	0.42
Leo Accum.	144.5	153.3	.....	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	71.5	76.0	−0.4	4.92
Do. (Accum.)	112.1	119.5	−0.4	4.92
Energy Int.	46.6	49.0	−0.2	2.00
Do. (Accum.)	46.3	49.7	−0.3	2.00
Extra Income	58.0	62.3	−0.1	9.66
Do. (Accum.)	82.6	88.8	−0.1	9.66
Income	92.8	99.7	−0.1	7.43
Do. (Accum.)	152.9	164.9	−0.2	7.43
Int. Technology	78.6	84.5	−0.5	0.59
Do. (Accum.)	80.9	86.0	−0.5	0.59
N. American & Gen.	50.5	54.3	−0.3	1.32
Do. (Accum.)	51.5	55.3	−0.4	1.32
Pacific Basin	47.2	50.7	−0.2	1.00
Do. (Accum.)	47.2	50.7	−0.3	1.00
Small Cos. & Recy.	55.7	59.8	+0.4	2.83
Do. (Accum.)	58.4	62.7	+0.4	2.83
Worldwide Gwth.	85.8	92.2	−0.7	2.23
Do. (Accum.)	116.6	125.2	−0.7	2.23
Exempt Nov 3	164.9	116.3	.....	8.26

Unauthorised. For tax exempt funds only.

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	261.9	275.6	.....	4.27

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	94.4	101.5	.....	4.08
Income Fund	66.4	71.3	.....	10.51

Prices on Nov. 13. Next dealing day Nov. 30.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds

Capital	47.6	51.1	−0.5	2.73
I.T.U.	33.6	36.1	−0.1	4.11
Select International	355.1	381.8	−2.6	1.72
Univ. Growth	89.5	96.2	−0.5	0.73

Increasing Income Funds

High-Yield	53.6	57.6	−0.1	8.62
Select Income	56.7	60.9	+0.4	6.96

High Income Funds

Gilt & Fxd. Int. Inc.	45.2	47.6	−0.2	13.10
High Return	62.3	66.9	+0.1	8.88
Income	40.5	43.5	+0.1	10.89

U.K. Funds

Gilt & Fxd. Int. Grth	50.5	51.1	−0.2	5.06
UK Equity	60.1	64.6	−0.2	4.49

Overseas Funds (z)

Europe	79.0	84.9	+0.1	1.44
Japan	131.2	141.0	−2.7	0.10
S.E. Asia	82.7	89.9	−0.7	0.69
U.S.	118.6	127.5	−0.6	0.73

Sector Funds

Commodity	128.6	138.2	−0.7	3.34
Energy	137.0	147.3	−0.9	1.31
Exploration Fund (z)	38.6	41.3	+0.1	0.25
Financial Secs.	106.3	114.3	.....	2.58
New Technology (z)	47.3	50.8	−0.5	0.25

Fixed-Interest Fund (z)

Intl. Bond Fd.	60.8	64.8	−0.2	2.26

Exempt Funds

Exempt Income*	192.7	203.4	.....	7.43
Exempt Intl.*	357.0	376.8	.....	0.46

Prices at Nov. 11. Next sub. day Nov. 25.

Scotbits Securities Ltd.

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	295.6	311.1	+1.2
Fixed Int. Acc.	176.2	185.4	−0.7
Gtd. Money Fd. Ac.	149.4	157.2	.....
Intl. Man. Fd. Acm.	154.8	162.8	+1.7
Intl. Fxd. Int. Fd.	106.6	112.2	−0.5
Prop. Fd. Acc.	155.9	164.1	.....
M'ple Inv. Acc.	238.1	250.6	+1.0
Equity Pen. Fd. Acc.	397.7	418.6	+1.8
Fixed I. Pen. Acc.	269.9	284.1	−1.5
G'td. Mon. Pen. Acc.	200.9	211.4	+0.1
Intl. Mn. PnFdAcc.	180.4	189.8	+2.9
Prop. Pen. Acc.	203.0	213.6	.....
M'ple Inv. Pen. Acc.	338.5	356.3	+1.6

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	183.3	193.1	.....
Money Fd.	137.5	144.7	.....
Equity Fd.	150.8	158.9	.....
Fixed Int. Fd.	83.4	87.9	.....
Property Fd.	138.2	145.6	.....
Managed Pen. Fd.	149.3	157.3	+2.0
Equity Pension Fd.	102.8	108.3	+0.4
Fixed Int. Pens. Fd.	114.2	120.3	−0.7
High Yield Pens. Fd.	114.2	120.3	−0.7
Money Pension Fd.	105.3	110.9	+0.3
Property Pension Fd.	105.1	110.7	+2.0
Flexifund	107.8	113.6	.....

AMEV/Framlington

American & Gen. Fd.	138.9	146.4	+2.4
Income Fd.	119.0	125.4	+1.0
Intl. Growth Fd.	154.9	163.2	+1.9
Capital Fund	126.4	133.2	+0.6

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7. 01-534 5544

Barclaybonds	163.0	171.6	−0.6
Equity	159.0	167.4	−0.4
Gilt-edged	120.2	126.6	−0.5
International	114.9	121.0	−1.0
Managed	140.6	148.1	−0.5
Money	128.4	135.2	.....
Property	170.6	179.6	.....
Man. Pens. Accum.	165.4	174.2	+0.6
Do. Initial	145.9	153.5	+0.4
Gilt Edg. Pens. Acc.	137.5	146.3	−0.6

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		181.2	.....
Portfolio Fd. Init.		161.8	.....
Portfolio Fd. Cap.		179.7	.....
Portfolio Man. Acc.	52.1	54.8	.....
Portfolio Man. Init.	48.1	50.6	.....

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1016

Flexible Finance		1,109	.....
Landbank Secs.		55.67	.....
Landbank Scs. Acc.	140.9	144.6	.....
G. & S. Super Fd.		£8.9600	.....

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	284.8	296.6	.....

GRE Linked Life Assurance Limited

Managed Initial	147.7	155.5	+0.5
Do. Accum.	157.2	165.5	+0.6
Equity Initial	177.1	186.5	+1.4
Do. Accum.	188.5	198.5	+1.4
Fixed Int. Initial	127.2	134.0	−2.8
Do. Accum.	135.4	142.6	−3.0
International Initial	140.5	147.9	+2.9
Do. Accum.	149.5	157.4	+3.1
Property Initial	111.6	117.5	.....
Do. Accum.	118.6	124.9	.....
Deposit Initial	111.7	117.6	.....
Do. Accum.	118.9	125.2	+0.1

GRE Pensions Management Ltd.

Pens. Managed Initial	130.8	137.7	+0.4
Pens. Managed Acc.	136.0	143.2	+0.4
Pens. Equity Initial	138.8	146.2	+1.1
Pens. Equity Acc.	144.4	152.1	+1.2
Pens. Fxd. Int. Initial	116.3	122.5	−1.6
Pens. Fixed Int. Acc.	121.0	127.4	−1.7
Pens. Int'l Initial	122.0	128.5	+2.6
Pens. Int'l. Acc.	127.0	133.7	+2.7
Pens. Prop. Initial	108.0	113.8	.....
Pens. Prop. Acc.	112.2	118.2	.....
Pens. Depos. Initial	116.5	122.7	+0.1
Pens. Depos. Acc.	121.2	127.6	+0.1

Hambro Life Assurance Limited
7 Old Park Lane, London, W1 01-499 0031

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

CANADIANS—Continued

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued | INSURANCE—Continued | PROPERTY—Continued | INVESTMENT TRUSTS—Cont. | OIL AND GAS—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

MINES—Continued

Australian

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
330	85	Colby Res. Corp.	135		—	—	—
330	200	Cons. Murch. 10c.	240		tQ30c	1.8	7.2
10	6	††Explaura Gold	6		—	—	—
98	47	††Hemerdon 10c.	60	+2	—	—	—
180	65	Highwood Res.	75		—	—	—
505	260	Northgate C$1	286		—	—	—
633	372	R.T.Z.	448xd	−5	16.0	2.3	5.2
£130½	£95½	Do.9½%Cn.Un.Ln.'95-2000	£101½	−½	Q9½%	—	f9.7
105	13	††SPO Minerals 10p	24	−1	—	—	—
47	20	Sabina Inds. C$1	20		—	—	—
44	21	Southwest C. 10p	30		—	—	—
650	465	Tara Exptn. $1	555		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♦ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

				IRISH		
Albany Inv. 20p	40			Conv. 9% '80/82	£93¾	
Bertrams	16	+½		Nat. 9¾% 84/89	£70	−¼
Bdg'wtr. Est. 50p	405			Fin. 13% 97/02	£74¾	−½
Craig & Rose £1	£13			Alliance Gas	79½	
Finlay Pkg. 5p	23½	−½		Arnott	225xd	+5
Graig Ship. £1	£21			Carroll (P.J.)	81	+1
Higsons Brew.	67xd			Concrete Prods.	90	
Holt (Jos) 25p	515			Heiton (Hldgs.)	23	
I.O.M. Stm. £1	150			Irish Ropes	38	
Pearce (C. H.)	780			Jacob	65	
Peel Hldgs.	120			T.M.G.	19	
Sheff. Refrshmt	59			Unidare	56	
Sindall (Wm.)	150					

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	13	Utd. Drapery	6½
A. Brew	6½	I.C.I.	18	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5	**Property**	
Babcock	9	Ladbroke	13	Brit. Land	7
Barclays Bank	36	Legal & Gen.	20	Cap. Counties	18
Beecham	17	Lex Service	9	Land Secs.	30
Blue Circle	38	Lloyds Bank	28	MEPC	20
Boots	18	"Lofs"	3½	Peachey	15
Bowaters	19	London Brick	6½	Samuel Props.	13
Brit. Aerospace	17	Lucas Inds.	18	Town & City	2¼
B.A.T.	28	"Mams"	11	**Oils**	
Brown (J.)	8	Mrks. & Spncr	10	Brit. Petroleum	28
Burton Ord.	12	Midland Bank	26	Burmah Oil	11
Cadburys	8	N.E.I.	7	Charterhall	6
Courtaulds	5½	Nat. West. Bank	30	KCA	12
Debenhams	7	P & O Dfd.	9	Premier	7
Distillers	16	Plessey	26	Shell	28
Dunlop	6½	Racal Elect.	34	Tricentrol	25
Eagle Star	25	R.H.M.	5	Ultramar	40
F.N.F.C.	4	Rank Org. Ord.	14	**Mines**	
Gen. Accident	30	Reed Intnl.	23	Charter Cons.	21
Gen. Electric	55	Sears	5	Cons. Gold	40
Glaxo	32	Tesco	5	Lonrho	7
Grand Met.	15	Thorn EMI	38	Rio T. Zinc	45
G.U.S. 'A'	56	Trust Houses	13		
Guardian	30	Tube Invest.	12		
G.K.N.	12	Turner & Newall	7½		
Hawker Sidd	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

FINANCIAL TIMES

Wednesday November 25 1981

FEW CHANGES IN FOOT'S SHADOW CABINET

Labour defence job for Silkin

BY MARGARET VAN HATTEM, POLITICAL STAFF

MR MICHAEL FOOT, the Labour Leader, confirmed Mr John Silkin yesterday as spokesman on defence and disarmament in the new Shadow Cabinet.

The appointment, the only major change in Mr Foot's team, is a substantial boost to Mr Silkin. He will continue in his previous role as Shadow Leader of the Commons.

Substantial changes in Labour's team of defence spokesmen, previously led by Mr Brynmor John, were widely expected after left-wing attacks led by Mr Tony Benn on their commitment to multilateral disarmament.

However, Mr Foot is understood to have been reluctant to appear too conciliatory toward the left, and is reported to have refused the defence portfolio to Mr Eric Heffer on these grounds.

In appointing Mr Silkin, a staunch unilateralist with a talent for conciliation, and in renaming the portfolio "defence and disarmament" rather than "defence," Mr Foot may feel he has made sufficient concessions to the left. He could reappoint most of the junior defence spokesmen later this week.

Mr John, after refusing the posts of agriculture and regional affairs, was confirmed as spokesman on social services, leaving Mr Norman Buchan, the previous social services spokesman, reluctantly to pick up the agriculture portfolio, vacated by Mr Roy Mason, who did not contest the Shadow Cabinet elections.

The appointment of Mr Heffer to a newly-created post of spokesman on European and Community affairs could lead to conflict.

Mr Heffer hopes to use the post to speak on a wide range of European issues including energy, defence, industry, agriculture, fisheries and employment.

Others in the party suggest that he could meet strong opposition from the spokesmen specifically appointed to these posts.

Appointment of Mr Silkin and Mr Heffer to posts overlapping the territory of Mr Denis Healey, deputy leader and foreign affairs spokesman, could also lead to public conflict.

But Mr Healey, whose commitment to party policy on unilateral disarmament and withdrawal from the EEC is held by some to be equivocal, approved both the appointments before they were announced.

Other new posts include that of women's rights and welfare (Miss Joan Lestor) and regional affairs and devolution (Mr John Prescott).

Several Labour MPs expressed disappointment at the new Shadow Cabinet, saying Mr Foot had missed an opportunity to revitalise a team which many feel has been lacklustre and unimpressive.

Mr Foot believes that Labour's poor performance has been due to internal fights rather than to inappropriate allocation of portfolios.

Details, Page 12

Belgian Liberal calls coalition talks

BY LARRY KLINGER IN BRUSSELS

KING BAUDOUIN of Belgium yesterday asked Mr Willy de Clercq, leader of the Liberal Party, to try to form a government. Its immediate priority would be to tackle the country's deteriorating economic situation.

Mr de Clercq, a former deputy premier and finance minister whose Flemish wing of the conservative Liberal Party scored the biggest gains in this month's General Election, will start coalition talks with the two other main political groups, the centrist Christian Democrats and the Socialists.

He said last night he was calling for a joint meeting of all factions of the Liberals and Christian Democrats in an attempt quickly to form a government that could halt the country's economic decline.

Unless the governmental vacuum in Belgium ended, the country faced the risk of falling apart, he said. Belgium continued to borrow abroad to finance a substantial part of its expenditure. This could not continue for long without the country losing its credibility.

His prospects of forming a lasting coalition able to win parliamentary approval for a tough economic policy in line with his party's stern election campaign programme are, however, not particularly bright.

Belgium has seen 30 governments since the Second World War. The country's myriad political parties are even more divided than usual on main issues.

The latest economic statistics indicate the balance of payments and national finances are continuing to deteriorate rapidly.

All permutations of Belgian coalition politics are technically still open to Mr de Clercq. The election results would provide the Liberals, with either of the other two main political families, with a parliamentary majority. The majority in each case would be slim, however, and could quickly disappear if there were defections or abstentions.

A so-called government of national unity consisting of the three main political groups remains a possibility. It is favoured by the King but hard-line positions taken by the Liberals and Socialists after the November 8 poll would seem to rule this out.

Adding to Mr de Clercq's problems is the fact a large section of the Christian Democrats, the traditionally dominant party which suffered heavy losses in the General Election, is on record as favouring a period in opposition.

£600m of exchanges ordered by Telecom

By Jason Crisp

BRITISH TELECOM is ordering telephone exchanges worth £600m from the three main UK telecommunications suppliers—Standard Telephones and Cables, Plessey and the General Electric Company.

The orders, announced yesterday, are spread over three years from 1982 to 1985. They are for the TXE4A, a large local exchange with computer control which was originally developed by STC. British Telecom has already placed orders with the three companies for £225m worth of TXE4A exchanges.

STC had the lion's share of the first round of orders for TXE4A. The latest orders are equally divided between the three companies. Until recently STC had about 20 per cent of orders for general exchange equipment while GEC and Plessey had about 40 per cent each.

The TXE4A will be used to replace outdated large local exchanges and will probably still be in use in the year 2000.

British Telecom plans to modernise the trunk network with a much more advanced family of digital exchanges. System X, which will link 30 of Britain's main commercial centres by the mid-1980s.

The object is to offer the advanced services of digital transmission, such as easy communication between computers, to business first. Orders for 30 System X exchanges have been placed and two are currently operating in the public network.

Sir George Jefferson, chairman of British Telecom, said yesterday that the orders to UK manufacturing suppliers were providing work for 100,000 people directly and a further 100,000 indirectly.

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BR given £110m extra subsidy

BY JAMES McDONALD

THE GOVERNMENT has given British Rail an extra £110.4m grant to balance an "exceptional" and unforeseen further fall in revenue from its passenger services in the second half of this year.

This brings to £754.7m the government grant this year to BR to compensate for running a number of lossmaking passenger lines as a public service.

Announcing the extra grant in the Commons yesterday, Mr David Howell, the Transport Secretary, said that the losses in passenger revenue since the summer were so great that it had been decided that BR had no chance of recouping the money this year.

The extra £110.4m over the original accepted claim of £644.3m for 1981 announced on March 25 compensates BR for the reduction in passenger revenue from that forecast in the original claim.

BR claims compensation from the Transport Department at the start of each year for the financial burden of operating the passenger railway system as a public service. It is exceptional to consider a revised claim in mid-year.

BR said last night that normally the second half of a year showed an improvement in passenger revenues but this had not happened. The mid-year claim took into account the extra revenue that will accrue next month from the 9.5 per cent rise in rail fares which comes into effect on Sunday.

Earlier in the year the BR Board "had a feeling" that the loss would be £674m. It approached the Government with this new ceiling and the Government agreed to it. "An extra £30m therefore was virtually in the bank for us so the announcement of the £110.4m grant represents, in effect, a further £80m."

The unexpected further loss in revenue had been spread over most of the services — branch lines, commuter services and Inter City — but BR said the deterioration had been particularly severe on the Inter City services, reflecting the recession and a fall in business travel.

Stevens leaves Express group

BY ALAN PIKE

MR JOCELYN STEVENS, deputy chairman and managing director of Express Newspapers, has left the group.

Lord Matthews, chief executive of Trafalgar House which controls Express Newspapers, announced the change, which is effective immediately, in a brief statement yesterday. He gave no clue as the reason for the sudden departure.

Mr Stevens would not comment and last night's edition of The Standard—the London evening newspaper of which he was once managing director—did not amplify on the statement.

Journalists on the Daily Express were assured by Mr Christopher Ward, their recently appointed editor, that the management change did not suggest there were doubts about the future of the newspaper.

The possibility of a merger between the Daily Express and Associated Newspapers's Daily Mail is a recurring source of Fleet Street rumour.

Mr Stevens, 49, joined what is now Express Newspapers—publishers of the Daily Express, Sunday Express and Daily Star, and joint owners of The Standard—in the days when it was Beaverbrook Newspapers. He served as managing director under both managements and continued to play a leading role in the group following its takeover by Trafalgar House.

His departure comes at a time of intense competition at the popular end of Fleet Street. Express Newspapers faces a serious challenge to the circulation and advertising revenue of its well-established Sunday Express next spring when Associated Newspapers plans to launch the Mail on Sunday at a broadly similar market.

Mr Stevens, like Mr Charles Wintour, editor of the eight-month-old Sunday Express Magazine, and his wife Audrey Slaughter, the associate editor, is currently claiming libel damages against the satirical magazine Private Eye.

This relates to a Private Eye story about alleged losses incurred by the Sunday Express Magazine.

For the present, Mr Stevens' executive responsibilities will be taken over by Mr M. J. Murphy, deputy managing director.

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Ulster

Paisley, he said: "The economy of Northern Ireland is at grave risk and there can be no hope of its recovery if the Province is a place that its own people wish to make ungovernable."

He also stressed that contacts with the Dublin government would continue, saying: "It is in the interests of the people of the United Kingdom that there should be close and friendly relations with the government of the Republic of Ireland, particularly on security. The government will not be deterred from its policy," he said.

● The Rev. Ian Paisley last night threatened to ignore Government warnings to keep his Loyalist vigilantes off the streets of Northern Ireland, saying he would not be "intimidated by Prior's bluster."

Continued from Page 1

Unemployment falls

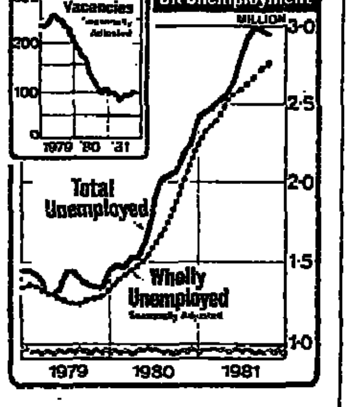
which indicate a slight increase in economic activity during the autumn, with a corresponding rise in overtime and a reduction of short-time working. The trend of vacancies has shown a steady, if rather modest improvement since mid-August.

The sharply reduced rate of destocking in the third quarter also points to an increase in activity.

The general trend in organisation for Economic Co-operation and Development (OECD) countries has been for unemployment to increase.

Because of the usual increase in employment before Christmas it is unlikely that next month's headline figure for the unadjusted total will reach the politically sensitive figure of 3m. However, the normal seasonal increase of 70,000 to 80,000 unemployed resulting from poorer weather and other factors after December, may well push the total above 3m.

Last night in the House of Commons, the Prime Minister said the reduction in the total



unemployed this month was "small but welcome."

"It will indeed take a very long time, I believe, before we can begin to get back to the much lower level of figures to which we have become accustomed," she said.

She added that the unemployment figures were always slower to respond to an improvement in economic activity

Continued from Page 1

Prime

a four-week rally in the bond market may have run its course, setting the stage for a renewed upward movement in interest rates.

Bond prices firmed in early trading yesterday and short term interest rates edged downwards.

William Hall writes: The fall in U.S. prime rates led to a late rally in the UK gilt-edged market where prices ended half a point better after having been down the same amount in the morning.

Three-month eurodollar interest rates were ⅛ of a percentage point firmer at 12⅞ per cent and in the UK money markets comparable rates were ⅛ of a percentage point higher at 14⅞ per cent, leaving them unchanged on the fortnight.

The pound opened weaker in London yesterday morning but recovered during the rest of the day giving a rise on the day of 1.4 cents to $1.9185 against the dollar. Its trade weighted index, as measured by the Bank of England, dropped 0.3 to 90.4.

BA to sell 'illegal' discount air tickets

By Arthur Sandles, Phoenix, Arizona

BRITISH AIRWAYS and the Association of British Travel Agents have agreed on what they both admit is an illegal discount air ticket scheme on a limited basis—and they have challenged the Government to do something about it.

As from the New Year, Britain's High Street travel agents, so far stopped from selling "bucket shop" tickets, will be able to offer thousands of cut-price BA tickets at perhaps 30 per cent to 40 per cent below normal prices.

Initially the scheme will apply only to the Far East and South-East Asia. The cut-price fares will be available to Singapore, Kuala Lumpur, Bangkok, Tokyo, Osaka and Jakarta. In the past ticket discounting—selling seats at cut rates—has been prevalent on these routes.

The normal lowest fares on these routes are between £400 and £500 return. "Bucketshops" are retailers who acquire large stocks of airline tickets and sell them at rates substantially below their face value.

In outlining the scheme, Mr Ivor Elms, president of ABTA, said: "It is all illegal, we know it is illegal."

The move will cause an uproar among airlines around the world which are nearly all losing money.

Mr Jim Harris, head of British Airways' UK and Ireland division, said in Phoenix at the annual meeting of ABTA, that the State airline had been forced into the move. "The Government has been approached continuously about discounting. They have been unable to bring in any effective policing system."

The aim is to shock Governments and the International Air Transport Association into policing the airlines more thoroughly and it has been called a discount scheme to end discounting.

Official pricing is a condition of air route licences. Says Mr Harris: "In theory we are possibly putting our licences at risk, but not in practice."

It is arguable, however, whether ticket discounting breaks the law of the land.

Tickets at the new prices will be on sale 14 days before any flight departure. The experiment will run for at least three months.

Weather

UK TODAY

NORTHERN and eastern coastal areas will have scattered showers. Other areas dry and bright.

London, SE, SW England
Dry. Bright or sunny periods. Max 11C (52F).

E, NE England
Sunny intervals. Max 8C (46F).

Midlands, Wales, NW England, SW Scotland
Dry with bright or sunny periods, becoming cloudier later. Max 10C (50F).

Rest of Scotland
Showers, wintry over hills, drying out. Sunny intervals. Max 6C (43F).

N Ireland
Dry and bright at first. Rain later. Max 9C (48F).

Outlook
Occasional drizzle or rain, generally less cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	16	61	London	S	8	46
Algiers	S	22	72	L. Ang.†	C	15	59
Amsdm.	C	6	43	Luxmbg.	R	4	39
Athens	S	19	66	Luxor	S	24	75
Bahrain	S	22	72	Madrid	F	13	55
Barclna.	F	16	61	Majorca	F	19	66
Beirut	S	20	68	Malaga	S	20	68
Belfast	S	4	39	Malta	F	19	66
Belgrd.	S	16	61	M'chstr.	R	5	41
Berlin	R	6	43	Melbne.		—	—
Biarritz	F	19	66	Mx. C.†		—	—
Bmghm.	C	6	43	Miami†	C	15	59
Blackpl.	F	5	41	Milan	C	10	50
Bordx.	C	14	57	Montrl.†		—	—
Boulgn.	F	7	45	Moscow	Sn	0	32
Bristol	S	7	45	Munich	C	5	41
Brussels	S	6	43	Nairobi		—	—
Budpst.	S	13	55	Naples	C	16	61
Cairo	F	21	70	Nwcstl.	S	5	41
Cardiff	S	7	45	N. York†	C	1	34
Cas'b'ca	S	21	70	Nice	S	14	57
Cape T.	S	27	81	Nicosia	S	21	70
Chicg †	F	2	36	Oporto	F	17	63
Cologne	R	4	39	Oslo	C	1	34
Cpnhgn.	R	6	43	Paris	C	8	46
Corfu	F	16	61	Perth		—	—
Denver†		—	—	Prague	S	7	45
Dublin	S	4	39	Rykjvk.	S	−11	12
Dbrvnk.	F	16	61	Rhodes	S	18	64
Ednbgh.	S	4	39	Rio J'o		—	—
Faro	S	21	70	Rome	F	17	63
Florence	C	14	57	Salzbrg.	R	8	46
Frankft.	F	7	45	S F'cisc†	F	13	55
Funchal	C	21	70	Singapr.		—	—
Geneva	C	10	50	S'ngo†		—	—
Gibraltar	F	18	64	Stckhm.	C	4	39
Glasgow	S	4	39	Strasbg.	S	9	48
G'rnsey	C	9	48	Sydney	S	22	72
Helsinki	F	4	39	Tangier	S	23	73
H. Kong	C	23	73	Tel Aviv		—	—
Innsbrk.	F	8	46	Tenerife	S	24	75
Invrnss.	F	2	36	Tokyo	S	16	61
I. o. Man	S	5	41	T'ronto†	C	−1	30
Istanbul	S	15	59	Tunis	S	19	66
Jersey	C	10	50	Valencia	F	18	64
Jo'burg	F	22	72	Venice	C	8	46
L. Pims.	F	23	73	Vienna	R	13	55
Lisbon	S	20	68	Warsaw	S	7	45
Locarno	C	12	54	Zurich	R	8	46

C—Cloudy, F—Fair, R—Rain, S—Sunny, Sn—Snow.
† Noon GMT temperatures.

THE LEX COLUMN

Rather more dough at Ranks Hovis

The forecast so coyly put out by Ranks Hovis McDougall when it was exchanging dawn raids with British Sugar earlier this month was duly met yesterday, when the company reported pre-tax profits for the year to early September up from £32.0m to £45.3m. The analysts are still chewing their pencils in bewilderment over the details of Ranks' recovery, although it is clear enough that the two major planks are a £6.3m reduction in the interest charge and an improvement in overseas trading profits of nearly £4m, the bulk of which reflects the weakness of sterling.

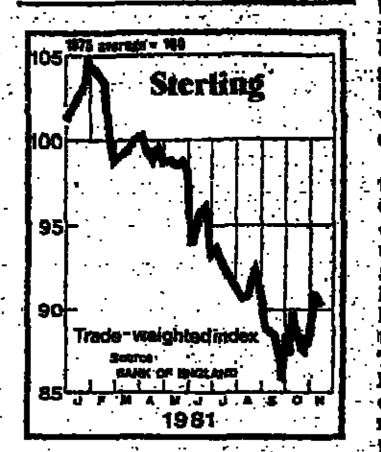
The lower interest charge results from the disposals of Wessex Finance and the old head office, which together reduced debt by £56m, but the absence of Wessex also lowers trading profits by £2¼m. Still, the group has been helped by an extra week's trading, a good bounce in general groceries from the 1980 period of retail destocking, a strong performance by Mr Kipling cakes and loss elimination in fishmeal. RHM points out twice in its statement that cereals finished the year strongly; the June flour price rise must have helped, but the stress on this division may re-awaken rumours of some clever grain trading.

However, baking did not match even the small profits of 1979-80, although the group is hacking away at capacity: bakeries account for most of the £7m closure costs which appear below the line. Heavy discounting continues in the bread business, and next Monday's 1p a loaf price increase is nowhere near enough.

Meanwhile RHM's trading is absorbing cash—despite all the asset sales, much higher cash flow and a level of capital expenditure little changed from 1979-80, net debt has fallen by little more than £40m to around £95m. The small rise in the final dividend is a welcome sign of confidence, but on a current cost basis the payout is not quite covered.

RHM may be pointing in the right direction, but its real problems of achieving proper returns in baking and animal feeds are just beginning to be addressed. On fundamental grounds alone the shares, yielding just under 9 per cent at 64p, look to be ahead of the game.

Index rose 2.2 to 520.0



Equipment leasing

The Accounting Standards Committee routinely invites comment on its proposals for new standards: that is what the exposure of drafts is meant to promote. So it seems a trifle extreme of the Equipment Leasing Association to preface its criticisms of ED 29—which propounds a standard on leasing—with a demand that the document should be withdrawn pending their discussion.

Predictably, the lessors oppose the capitalisation of leases by their industrial customers. They argue that since lessees do not own the assets, their inclusion in balance sheets might be misunderstood. Less plausibly, it is said that the Revenue might be led by ED 29 to give capital allowances to lessees rather than lessors, in which case leasing would wither away.

Capitalisation is actually less of a bogy for the ELA than the proposed treatment of regional development grants. At present leasing companies often take these gross above the line, but the ASC wants them to be taken net, with a compensating tax credit. In objecting to this less flattering presentation the lessors seem to imagine that the banks that control them have forgotten that they set up leasing subsidiaries to shelter from a high tax charge.

BPB

The BPB image is of an unexciting monopoly with a decent record and steady prospects. So yesterday's figures showing a 43 per cent jump in pre-tax profits to £29.8m were decidedly out of character. A statement of studied ambiguity about maintaining the improvement indicates a full year outcome of at least £55m, against £42.1m.

Recovery accounts for part of the better performance. After the teething problems in a new plasterboard plant last year, Canada has turned round into profit. There has been a healthier trend in paper and packaging, both at home and abroad. The French plasterboard subsidiary shows strong growth, while the Irish contribution has jumped with the withdrawal of BPB's local competitor from the market.

Over the last two years though, profits growth has slowed down to a less heady 10 per cent or so per annum. But underlying growth has been achieved in the UK plasterboard business, in spite of the building recession and with relatively modest price increases. The switch to timber frame house construction means that demand has held up; so any recovery in building is likely to produce a substantial further rise in profits, especially as the company has plenty of capacity in hand.

A cash inflow this year may help push net debt below [illegible] per cent of shareholders' funds and the current cost return on capital is around 10 per cent. The shares, which have been a strong performer in recent weeks, rose a further 22p yesterday to 304p, where the prospective yield is a well-covered 4.8 per cent.

Scotch whisky

The Scotch whisky industry has a lot too much capacity at present, especially on the malt side where production fell by two-fifths in the first half of this year. The worst victims are those producers which sell most of their output to blenders, and are suffering the fate of all sub-contractors during a squeeze.

Such a company is Tomatin Distillers, which is now making losses on a scale that will leave a nasty mark on its balance sheet despite a big property revaluation and an equity injection this year from Heineken.

Its problems have led to a novel looking loan from Finance Corporation for Industry, a subsidiary of Finance for Industry, which is in turn owned by the clearers and the Bank of England. The loan will cost 2 per cent over LIBOR and leave the borrower with the option to freeze the coupon should interest rates fall to a pre-arranged level.

To reflect the risk, the lender has the right to subscribe to buy new shares, at a big premium over the current price. FCI, which could end up with a tenth of the enlarged equity, says it has several similar schemes on the stocks, mainly aimed at restructuring smaller listed companies.

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